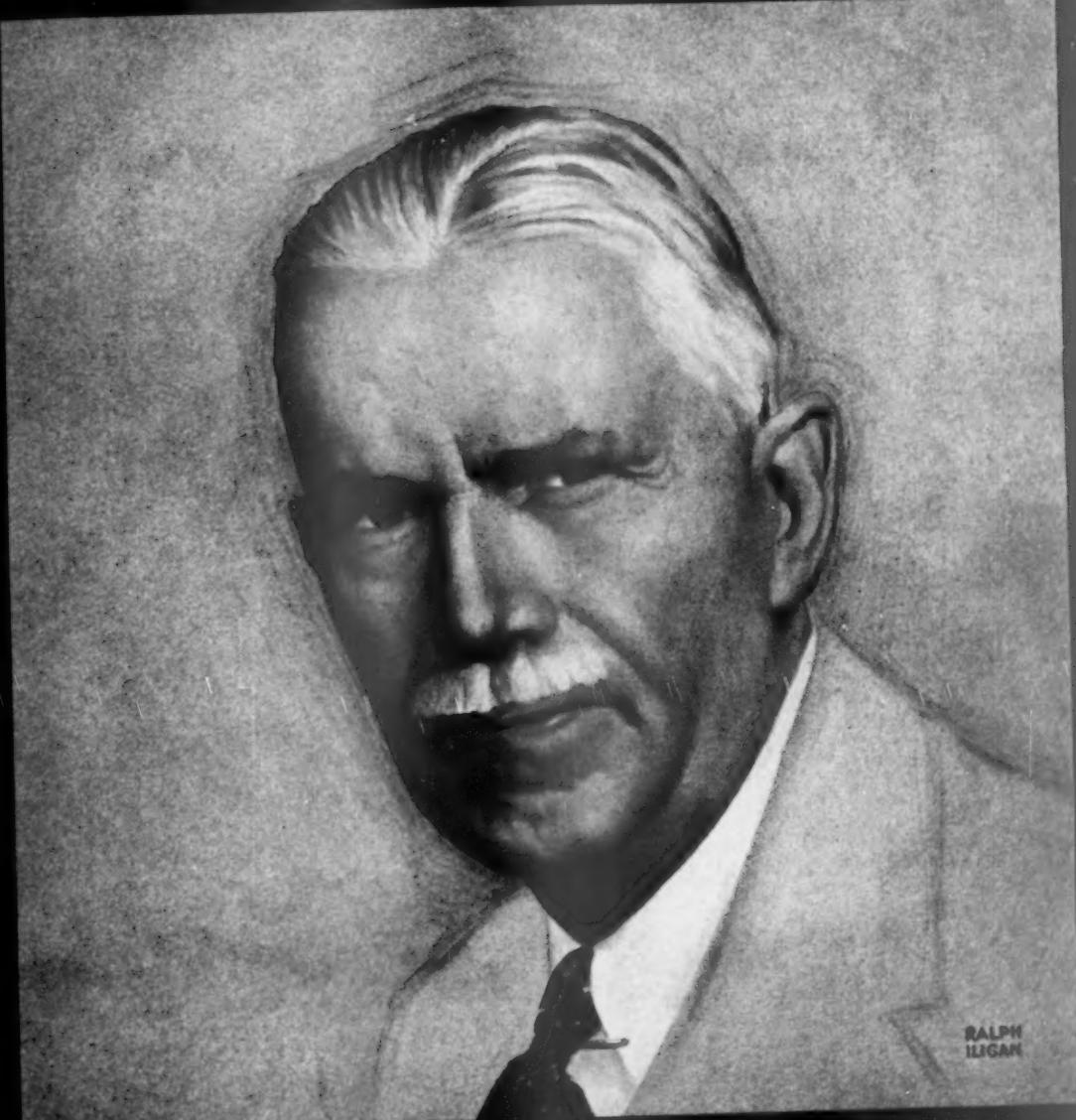


BUSINESS WEEK

MAY 11, 1946



Gen. Brehon B. Somervell—Big business man in war, big business man in peace (page 8)

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BUSINESS
WEEK
DEX

May 4,

How they keep up take-home pay in Russia

1. By new technical methods which increase production.
2. By increasing the productivity of the workers.

These are the steps one Russian plant took. The result was a 43% increase in hourly output which made possible an increase in wages. The workers receive wartime pay for peace-time work *because they have increased their production.*

These facts are quoted from a communist

paper reporting on Russian reconversion. The Russians know that wages can be paid only out of what a man produces, and to get more, a worker must produce more.

Management in this country, too, would be perfectly willing to increase pay on that basis. If workmen and their leaders realized that this is the only basis on which real wages *can* be paid, talk of strikes would stop and workmen and everyone else could get on with prosperity.



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&
SWASEY
Machine Tools
Cleveland

YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES AND TAPPING MACHINES

A development of
B.F. Goodrich
FIRST IN RUBBER



The 3-million-gallon gulp

A typical example of B. F. Goodrich improvement in rubber

THE cheapest way to transport oil is by tanker, but loading the ship proved to be an expensive slow-down. Rubber hose leads from dock to tanker but oil makes rubber swell. To prevent the swelling rubber from choking the hose it was held in place by broad steel bands.

That made the inside of the hose irregular, wavy, where the bands were, and the waves slowed down the flow of oil by making it swirl instead of pour. Any slow-down in pumping the 3 million gallons it takes to fill a tanker is expensive.

B. F. Goodrich engineers had designed thousands of kinds and sizes of hose to meet almost every problem. They went to work on this one. They had developed a special B. F. Goodrich rubber which resists oil and so made a hose lining that would not swell and choke the flow.

With rubber that wouldn't swell, the old steel bands weren't needed — strength to resist pressure could be secured just by a spiral steel wire which didn't make the hose wavy.

This smooth "bore" as it is called had nothing to impede the flow of oil

— it spouted through this B. F. Goodrich hose so much faster that a tanker could be loaded in 10% less time. And that's an important saving. Research like this is going on every day at B. F. Goodrich which explains why you get the latest improvements in rubber goods when you specify BFG every time you buy. *The B. F. Goodrich Company, Industrial Products Division, Akron, Ohio.*

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The buying public is looking for DDT . . . expecting it to turn up in many easy-to-use forms . . . in paints, in polishes, perhaps even in soaps. And the man with a good DDT product may have a lucrative market ahead!

Du Pont will help the manufacturer with a DDT idea. He can draw upon the wealth of laboratory and field experience gained by

Du Pont as a major supplier of DDT to the armed forces during the war years.

And Du Pont can supply Technical Grade DDT that's uniformly dependable because of the way it is manufactured. It works well in either dry or liquid formulations and dissolves quickly, forming clear solutions.

If you have a DDT idea—whether for an insecticide or a new-type product—work it out with DuPont.

E. I. du Pont de Nemours & Co. (Inc.), Grasselli Chemicals Department, Wilmington 98, Delaware.

**If it has to do with DDT,
work it out with DU PONT**



BETTER THINGS FOR BETTER LIVING...THROUGH CHEMISTRY

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WASHINGTON BULLETIN

PROFIT PROBE UNLIKELY

Business has come out of the war without early prospect of a war profits inquisition. Perhaps it never will come. Congress is torpid. Sen. Wayne Morse, freshman from Oregon, has been talking up an inquiry but this Republican left-winger has antagonized both Republicans and Democrats by his constant scolding, and he's not in a position to push an investigation himself.

There may be action next year, but it's hard to figure. Republicans might be tempted to pick up the ball if they should win the hard fight for control of the House this fall. They tried it back in 1919 but it fizzled. They had just captured control of the House. An inquiry was started under the leadership of Rep. Sidney Anderson, a Minnesota Republican, but it wasn't long before the investigating committee heard that it had better go easy, that a lot of Republicans, too, had made money out of the war, and that in attempting to smear Democrats it would smear both.

A similar Republican attempt next year might run into the same difficulty since Republicans were prominent both as contractors and on government procurement agencies.

A Different Story

Gen. Charles G. Dawes, who had been the A.E.F.'s general purchasing agent, put the kiss of death on the 1919 inquiry, in his famous hell 'n' maria indictment of the committee as unpatriotic ghouls.

That was all until the middle thirties, when a strong isolationist drive spearheaded by Senators Gerald P. Nye and Bennett Champ Clark sought to pillory du Pont and other munitions makers. This inquiry revealed that first World War profits were enormous, but it also showed that the war profits were diminished by postwar conversion costs and dissipated by the depression. Immediate emphasis was on the profits that munitions makers were reaping on arms exports, and was aimed at imposition of an arms embargo.

The Nye investigation exerted strong influence as the country headed into the second World War. It was partially accountable for the reluctance of industry to take on war business and for the effort to limit profits as evidenced by the heavy wartime excess-profits tax and the contract renegotiation act.

Little Scandal Expected

These restraints plus concurrent investigation of the war program by the Truman committee (now the Mead

committee) and the active pursuit of war frauds by the Dept. of Justice indicate that any postwar inquisition is not likely to uncover much of a scandalous nature.

The committee, which, during the war, laid primary emphasis on efficient management and quality of performance of the war procurement program, may switch into an investigation of war profits, but it doesn't seem likely. Held in standby the committee might be useful to the Administration to head off a politically inspired witch hunt by Republicans, but the committee will fold up at the end of the year unless its life is extended by the incoming Senate next January.

To Avoid Controversy

Meantime, Sen. Mead of New York, Truman's successor as chairman of the committee, is busily angling for the New York governorship. And of the nine other members (five Democrats and four Republicans), only Republican Senators Ball of Minnesota and Ferguson of Michigan are not up for reelection.

The committee's staff is reviewing the war effort with a critical eye, for the purpose of submitting a wind-up report at year-end embodying its suggestions for setting up a future defense program. As in previous years, the committee will lie low during this year's campaigning, hold no public hearings and issue no controversial reports.

LOAN DELAY EXPECTED

Senate approval of the British loan, on which the tip-off was provided by decisive rejection of an amendment requiring cession of British bases as a quid pro quo, still leaves the Administration with a long tough row to hoe in the House. Although odds narrowly favor eventual passage, the representatives are more suspicious of the deal than the senators. And there will be a long delay in House committee hearings, where opposition will be voiced by Jesse Jones, Bernard Baruch, and others.

Administration agreement on a billion-dollar loan to France was cinched by the plebiscite rejection of the Communist-approved draft constitution. The vote suggested a close enough balance between Left and Right to make the loan a worth-while gamble on strengthening the right wing in the June elections.

The proposed billion-dollar loan to Russia, meanwhile, has no steam be-

hind it. The Soviets are perfectly willing to wait. They know that heavy industry here is in no shape to make early delivery on orders placed now, and they'd just as soon wait a year or so until capital goods producers are looking for business and, maybe, are willing to dicker on price.

PUBLIC POWER CUTS

Private power interests aren't ready yet to claim a full victory on the basis of the House Appropriations Committee action knocking more than \$100,000,000 of public power project money out of the Interior Dept. appropriation, but they're hopeful.

The cut followed the most vigorous private power campaign since the fight over TVA in 1935—and a campaign directed at a committee whose hostility to Interior has been built up in a long series of battles with Harold Ickes and has not yet been moderated by the appointment of J. A. Krug.

There's no doubt that the bill will follow the pattern of previous years, with the House restoring some and the Senate more of the committee cuts—but the question is how much. House Speaker Sam Rayburn will make a strong fight for the money, but it's questionable whether an apathetic Congress, anxious to clear up other vexatious issues and go home, can be stirred to much excitement.

Crucial issue is restoration of \$20,000,000 for the southwestern power pool. This money would start a \$200,000,000 scheme for a transmission system to integrate a score of existing and proposed hydro projects (BW-Mar. 16 '46, p.15).

TWA PACT TRIMMED

Trans-World Airline (Transcontinental & Western Air) is going to lose the specially favored position in Italian commercial aviation which it carved out three months ago in a dicker with the Italian government.

Cautiously trying to placate the British, bolster its own protests against possible Russian air monopolies in the Balkans and against a proposed British chemical monopoly in Italy, and still protect TWA as much as possible, the U. S. State Dept. is working out an arrangement by which TWA would waive its exclusive operating privileges in Italy.

State considered having TWA drop its controlling interest in Italian Air-



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The mail goes through!

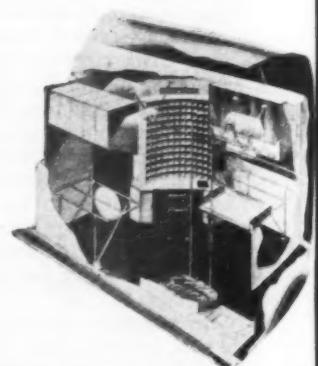
For "neither snow nor rain nor sleet nor gloom of night stays these couriers from the swift completion of their appointed rounds."—the creed of a great Government service.

"Swift completion" has become an increasingly important part of this service—and Air Mail has lent wings to the Post Office Department's traditional speed.

With characteristic imagination, Fairchild engineers now offer new wings for the mail. They have created an interior arrangement for the Packet that converts this cargo carrier into a *flying mail car*—a plane to carry air mail exclusively—and efficiently—*by the ton!*

It is the logical answer to the ever-increasing demand for mail by air. With its ability to use less-than-average length runways; carry heavy loads economically for long or short distances; to load and discharge cargo fast, the Packet is a transport to widen immeasurably the scope of Air Mail service—even to off-the-line points.

With the design for a flying mail car, typical Fairchild engineering ingenuity has again created the "touch of tomorrow in the planes of today"—converted the versatile Packet into a transport that anticipates the day when all first class mail will be sped toward its destination by air.



A LOOK INSIDE. This ingenious sorting section permits air mail clerks to sort mail in flight.

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Fairchild Aircraft Division, Hagerstown, Md.

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WASHINGTON BULLETIN (Continued)

es, Inc., but decided instead that the
ian company should share with other
rators its rights to 14 of the best
ian air routes.

The Italian airlines setup would also
made subject to review by the Com-
and Chiefs of Staff and the Allied
ntrol Council—in which the British
re a voice.

STER REFUNDS PLEDGED

To stave off a legislative overhauling,
Bureau of Internal Revenue has de-
ed to set up a new administrative
rocedure for refund claims under Sec.
—the excess-profits tax relief pro-
tion that so far has not given anyone
ief.

Commissioner Joseph Nunan, on the
pet before the Joint Committee on
temal Revenue, told congressmen
is week that the bureau plans to set
a special board of 15 members to
ork out policies and review claims

under 722. In addition, it will establish
a committee of specialists in each re-
gional office to hustle along claims that
have been kicking around from one desk
to the next for the last couple of years.

Sec. 722 theoretically entitles a busi-
ness to adjust its excess-profits tax credit
if its income in the base years was dis-
torted by any one of a variety of abnor-
mal conditions or events. About 10,000
claims have been filed, but the bureau
never has been able to decide which
qualify under the law.

NONFERROUS PRICE CONTEST

American industrialists are watching
the reaction of British metal users to
the recent cut in the London price of
aluminum to £67 on long ton (12.07¢
a lb.). For the first time in history, this
puts the price of aluminum below that of
copper (£72, or 12.97¢ a lb.).

Observers are looking for a clew to
what will happen here if 15¢-a-lb. alu-

minum and 12¢ copper move closer to-
gether. First step in this direction may
come shortly if strike settlements in the
nonferrous metal industry necessitate
higher ceilings (BW-Apr.27'46,p9).

CAPITAL GAINS (AND LOSSES)

Compromise permitting the Treasury
to sell silver at 90.3¢ an ounce, instead
of the wartime 71.1 (BW-Apr.27'46,
p7), approved by a Senate appropri-
ations subcommittee last week, will slide
through Congress promptly. The ways
are greased by a deal worked out after
silver-mining interests threatened to
hold up the Treasury appropriation, on
which the measure is a rider, "until
next December if necessary."

Output of civilian ammunition is
scheduled to be cut 50% as a result of
the lead shortage, but industry protests
have killed off CPA's original plan to
reserve the limited output for farmers,
ranchers, and police. Lead allocations

Washington Puzzle—Why Didn't Davies Go Back?

Ralph K. Davies, formerly deputy
petroleum administrator for war, was
settling quietly into a new govern-
ment job this week—director of the
Interior Dept.'s new Oil & Gas
Division.

Other government officials were
not surprised to see Davies staying
in Washington. In the last few
years, they have seen many a busi-
nessman come to Washington with an
overnight bag and wind up sending
for his furniture. What did puzzle
them was the sudden and anti-
climactic collapse of the one-man
campaign, staged by Harold L. Ickes,
ex-Secretary of Interior and ex-chief
of PAW, to restore Davies to his
old job with the Standard Oil Co. of
California.

• **Invited to Come Back**—Davies,
who had been with Standard for 30
years, was the ranking vice-president
—in point of service—when Ickes
drafted him to take over PAW, in
June, 1941. When he first came to
Washington, Standard agreed to
make up the difference between his
\$10,000 government salary and the
\$57,500 he had been getting.

On Aug. 25, 1945—some ten days
after Japan's surrender—Ickes wired
Standard demanding that it take
Davies back. In October, Standard
did a little shuffling on its own ac-

count, moving H. D. Collier, the
president, up to the vacant post of
chairman of the board and R. G.
Follis, a vice-president, up to presi-
dent. At about the same time, it
invited Davies to come back, and
Davies sent a noncommittal reply to
the invitation.

• **Ickes Backs Down**—In December,
Ickes let it be known that he thought
Davies was not getting a square
deal—just how, he didn't say, also
that he had bought ten shares of
Standard stock so that he would be
able to say his piece at the next
stockholders meeting. And on May
1, he arrived in San Francisco, accom-
panied by ex-trust buster Thur-
man Arnold, announcing that he had
come for two purposes—to fight for
Davies who had "been done dirt,"
and to expose the "absentee ownership"
of Standard.

At the stockholders meeting the
next day, Ickes simply marched up
the hill and marched back down
again without firing a shot. First he
read a statement praising Davies.
Then he announced that he had just
received a telegram in which Davies
informed him that he had resigned
completely from Standard. Then he
stalked out.

• **Washington Mystified**—All this
made a sorry showing in comparison

with Ickes' usual standard of per-
formance in bare-knuckle brawling.
A somewhat mystified Washington
advances a variety of explanations
for it:

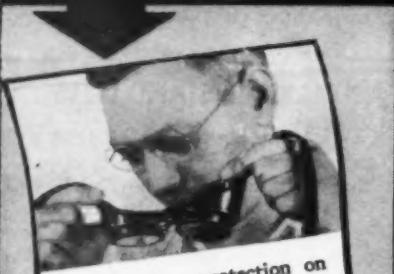
(1) Davies' friends got hold of
him at the last minute and persuaded
him that it would be ruinous both
to him and to Standard to let Ickes
make a battleground of him.

(2) Ickes real purpose was to let
go a blast at Standard's management
and Davies wasn't willing to go along.
The question here is: Why didn't
Davies tell Ickes to call off his dogs
last December instead of waiting until
the final minute?

(3) Ickes and Davies were bluffing.
When Standard called their bluff,
there was nothing to do but quit
and go home.

• **Simple Explanation**—Old-timers in
Washington think all these stories
are unnecessarily complex. Time and
again, they have seen businessmen
come to Washington (Don Nelson,
for instance) and gradually get out
of step with their old associates who
stayed in industry and kept the
industry perspective on government
and business. They think that Davies'
heart simply wasn't in the fight.
Washington is like the tropics in a
lot of ways: If you stay too long it
gets a grip on you.

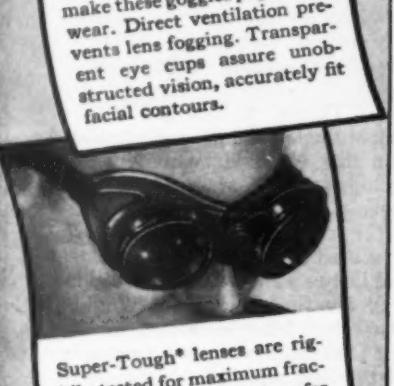
Eyes Are Safe Behind WILLSON Cup Goggles



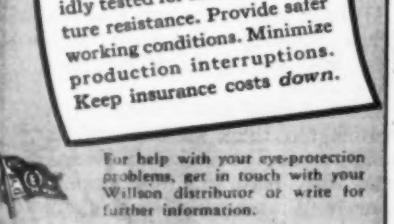
For day-long protection on eye-hazardous operations, be sure your workers wear Willson cup goggles. Cover-All* style is designed to fit comfortably over ordinary correction spectacles.



Outstanding comfort features make these goggles popular to wear. Direct ventilation prevents lens fogging. Transparent eye cups assure unobstructed vision, accurately fit facial contours.



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(7,500 tons in the first quarter) will simply be cut in half—and it'll be up to the producers to distribute the shells.

Congress' report on Pearl Harbor, due June 1, won't be ready. The investigation committee will have to ask for still another extension. Republican members will insist that the report be made public before the elections.

THE COVER

Pittsburgh's 43-year-old Traffic Club doesn't hold with speeches at its luncheons, but last week it broke a rule.

The occasion was sufficiently unprecedented. Its speaker was a man who, in many ways, had been the nation's biggest wartime businessman. On May 1, he was laying aside a uniform that he had put on at West Point in 1914, when he was 22, to don the mufti of a peacetime big businessman and enter upon his new duties as president of Pittsburgh's Koppers Co., Inc.

Soldiers turning businessmen are no novelty to Pittsburgh these days, or to any other city. This, however, was a very special soldier, a full general, the second World War chief of the big business operations of the U.S. Army Service Forces—Brehon Burke Somervell. The man who took the tools of victory from industry and put them in the right places around the world at the right time couldn't get away with being silent in any such business gathering.

Gen. Somervell (who, incidentally, helped organize the Pittsburgh Railway Regiment in the first World War) brings to Koppers a capacity for command and talent for organization developed in Mexico and France under Pershing and felt throughout the globe under Marshall. Between wars, but still in the Army, his engineering and administrative experience broadened in tasks that ranged all the way from handling a League of Nations survey of the Rhine and Danube to directing New York City's tough WPA job.

At Koppers he takes over the presidency from J. P. Williams, Jr., who remains as board chairman. Gen. Somervell, in what Koppers calls "the industry that serves all industries," will be involved in operations that include the designing and construction of coke and chemical plants, and the manufacture of coke and gas, of chemicals, pressure-treated wood, piston rings, styrene for synthetic rubber, and other products.

And Washington can tell Pittsburgh that Gen. Somervell's ten-minute speech before the Traffic Club marked neither the start nor the finish of his precedent-making.

The Pictures—Wide World—16, 26, 50, 53; Acme—17, 18, 88; Int. News—31, 44, 82; Milwaukee Journal—94.

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THE OUTLOOK

BUSINESS WEEK
MAY 11, 1946



These are tough days for business planning. On Wednesday, first anniversary of V-E Day, the outlook was blurred if not actually chaotic.

International cooperation seemed to be getting no place. Prospects for the British loan, the Bretton Woods bank and fund, and for stimulation of American trade were nothing if not dim (page 103).

Production progress was snagged by the coal strike (page 15).

The future of price and inflation control was obscured by the fight in Congress, although friends of OPA were a little more hopeful.

Trade and industry statistics will mean little in the next couple of weeks unless the situation takes a sudden and dramatic turn.

Store sales will be slashed by such things as Chicago's shortened shopping day—from two to six in the afternoon. The freight embargo will cut the volume of goods on retail shelves everywhere.

Railroad carloadings will slump for the same reason.

Industry in general will be stumbling along due to shortages of fuel, materials, parts. The Ford closing this week is a drastic sample; Chrysler's day-to-day recheck on its ability to keep going is more typical.

Businessmen can't take much time off from national problems to worry about straws in the international trade winds. Nevertheless, here is something to watch, both from a political and from a business standpoint:

Canada is reported negotiating export sales of wheat, to run for several years, in fixed quantities and at fixed prices. Buyers could be nations which in the past have been the Dominion's good customers.

That's bulk trading between governments of the very type that the United States is so anxious to avoid. If Canada's deals are signed, we will subsidize exports of wheat and flour the minute we have a surplus.

Yet Canada isn't to be criticized. Its trade plans are nothing more nor less than plain hard realism.

And, if Ottawa makes its grain deals, the Dominion would hold the aces when other exporting nations called for an international wheat pact.

Construction will take another setback if the freight embargo remains in force for any length of time.

Building materials and supplies are scanty and ill-distributed as it stands. Interruptions to shipments will make things that much worse.

Up to now, construction actually has been gathering speed faster than most experts had believed likely. This pickup comes in the face of materials shortages and the slackness that usually characterizes cold months.

New construction in the first quarter of 1946 totaled \$1,635,000,000 against \$1,352,000,000 in the final three months of 1945, according to the Bureau of Labor Statistics. Volume was nearly double that of a year ago.

Value of privately financed home building was \$505,000,000.

Expenditures on residences, in spite of the many hurdles, will continue to rise in relation to outlays on other types of construction.

Value of residential building was about one-third of all construction in the first quarter of this year. In 1947, home building is expected to account for at least half of the over-all total.

For the industry to reach the goals set, it is expected that employment

THE OUTLOOK (Continued)

BUSINESS WEEK
MAY 11, 1946

will have to rise from 1,300,000 in March to almost 2,000,000 this fall. A year from now, it would have to get up to 2,500,000.

Labor shortages, both skilled and unskilled, are certain. Little has yet been done in most areas to speed apprentice training.

Cost of building materials, without any allowance for the black markets which are rampant, are now higher than at any time since 1920.

The Bureau of Labor Statistics wholesale index (1926 equals 100) stood at 120.9 in February, up about three points in as many months. Lumber was up to 160.1, nearly five points higher than in November.

And bear in mind that these index numbers don't reflect the many incentive price rises in building materials over the last several weeks.

For purposes of comparison, the peak reached in the commodity boom following the last war was approximately 170 in 1920.

Manufacturers of soft goods have been pushing up sales, but they succeeded in adding about a billion dollars to the value of their inventories in the seven months after the end of the war just the same.

These inventories stood at \$8,500,000,000 in February, according to the Dept. of Commerce's Industry Survey.

That's 60% above 1939. Yet, if price increases are allowed for, it is likely that these soft goods manufacturers haven't much more stock on hand than they had before the war.

If dollar value of inventory is compared to dollar value of sales, stocks on hand are substantially below the 1929-39 relationship. To restore the prewar ratio, another billion of inventory would be needed.

Strikes have kept hard-goods makers from adding much inventory.

Liquidation of war goods caused a steady decline in the autumn of 1945. Dept. of Commerce figures indicate, however, that accumulation of civilian inventory outweighed war liquidation after December.

Once war influences are largely washed out of the picture, we can begin to get a clear idea of how manufacturers stand on stocks.

There has been some suspicion that hard-goods manufacturers were overbuying in anticipation of higher prices and big business. So far, however, there is nothing in the figures to bear this out.

One thing is absolutely certain: Most manufacturers haven't been able to build up a balanced inventory for stable production.

Shipments of durable-goods manufacturers are falling farther and farther behind demand for their products.

The most recent figures available show that unfilled orders for hard goods rose consistently in December, January, and February.

Rising value of unfilled orders is just another indication of the inflationary potential. And strikes since February obviously have prevented shipments damping this down; rather the reverse.

Costs of borrowing money are rising. Top-flight companies that have been readying bond issues with 2½% and 2¾% coupons now are finding that the market wants anywhere from 2¾% to 3%.

In the long run, this may sober the stock speculators. Higher yields on bonds take a little of the bloom off low-yield stocks.

FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
THE INDEX (see chart below)	*165.2	#166.3	#166.9	230.2	162.2
PRODUCTION					
Steel ingot operations (% of capacity)	58.7	67.7	78.3	95.1	97.3
Production of automobiles and trucks	67,585	64,620	47,735	20,470	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$22,198	\$21,417	\$20,446	\$5,826	\$19,433
Electric power output (million kilowatt-hours)	4,012	3,977	3,988	4,397	3,130
Crude oil (daily average, 1,000 bbls.)	4,721	4,650	4,446	4,829	3,842
Bituminous coal (daily average, 1,000 tons)	125	118	2,212	2,036	1,685
TRADE					
Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	84	84	84	88	86
All other carloadings (daily average, 1,000 cars)	26	25	51	62	52
Money in circulation (Wednesday series, millions)	\$27,888	\$27,877	\$27,912	\$26,204	\$9,613
Department store sales (change from same week of preceding year)	+26%	+51%	+12%	+10%	+17%
Business failures (Dun & Bradstreet, number)	23	17	19	23	228
PRICES (Average for the week)					
Spot commodity index (Moody's, Dec. 31, 1931=100)	272.9	273.4	273.9	256.9	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	172.3	172.4	172.5	166.5	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	239.2	239.2	240.4	227.9	146.6
Finished steel composite (Steel, ton)	\$63.54	\$63.54	\$63.54	\$57.55	\$56.73
Scrap steel composite (Iron Age, ton)	\$19.17	\$19.17	\$19.17	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	12,000¢	12,000¢	12,000¢	12,000¢	12,022¢
Wheat (Kansas City, bu.)	\$1.72	\$1.72	\$1.72	\$1.67	\$0.99
Sugar (raw, delivered New York, lb.)	4.20¢	4.20¢	4.20¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.)	27.38¢	27.62¢	27.93¢	22.51¢	13.94¢
Wool tops (New York, lb.)	\$1.330	\$1.330	\$1.330	\$1.340	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢
FINANCE					
90 stocks, price index (Standard & Poor's Corp.)	146.6	148.3	148.2	118.4	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.01%	3.00%	2.93%	3.33%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.51%	2.50%	2.46%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1%	1%	1%	1%	1-1%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	38,242	38,089	36,553	39,147	23,876
Total loans and investments, reporting member banks	64,433	65,340	65,247	57,176	28,191
Commercial and agricultural loans, reporting member banks	7,473	7,468	7,506	5,904	6,296
Securities loans, reporting member banks	4,428	4,402	4,688	2,882	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks	45,993	46,935	46,538	42,844	14,085
Other securities held, reporting member banks	3,387	3,413	3,437	3,016	3,710
Excess reserves, all member banks (Wednesday series)	1,080	870	1,010	927	5,290
Total federal reserve credit outstanding (Wednesday series)	23,084	22,901	22,936	21,406	2,265

*Preliminary, week ended May 4th.

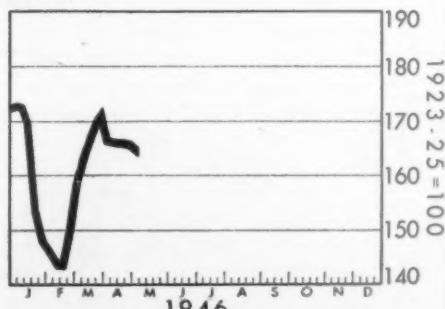
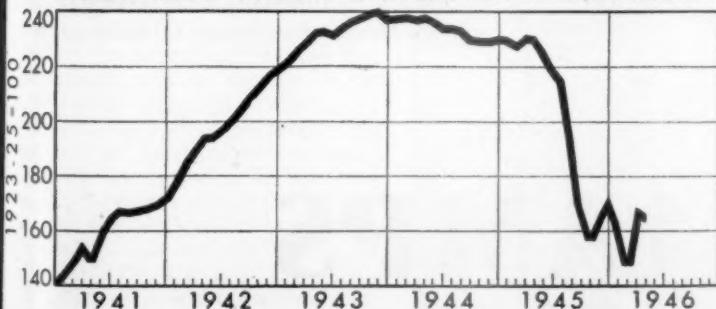
†Revised

‡Ceiling fixed by government.

§Index figures for 1946 have been revised; revisions appear on page 17.

¶Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



How to avoid mistakes when you buy Fluorescent Lamps:



ONE WAY to avoid mistakes is to become a fluorescent lamp expert, and spend a lifetime on research in this fascinating field. See that pile of glowing powder in the picture? That's a mass of fluorescent crystals, called phosphors. It's the coating of phosphors inside a fluorescent tube that transforms invisible ultraviolet rays into soft, cool, fluorescent light. To find the best phosphors for the purpose, General Electric lamp research scientists examined nearly sixty thousand mineral samples. This is typical of what G-E had to do to produce the first practical fluorescent lamps. And it's typical of many things G-E Lamp research is doing every day to make G-E Lamps stay brighter longer.

2

THE EASY WAY to avoid mistakes in buying fluorescent lamps is to look for and insist on the initials G-E on every lamp. This means they are the product of more than 60 years' research in the world's greatest lamp research laboratory. *And this same research is constantly at work to make G-E Lamps stay brighter longer. That's why it pays to insist on G-E

G-E LAMPS
GENERAL  ELECTRIC

Coal Strike Hobbles Industry

U. S. economy loses newly won momentum as fuel stoppage reduces output of basic materials and slows transportation. Heavy-industry centers of East and Middle West are hardest hit.

This was the sixth week of the coal strike—the week when the bituminous shutdown came home to the public in full force.

It was the week when congressmen called John L. Lewis a criminal, more to appease indignant constituents than from any misconceived notion that Lewis had broken any law; the week when something akin to wartime coal rationing was visited upon householders; the week when railroads had to cut the number of their trains to stretch dwindling fuel supplies; the week when strike-impelled shortages began seriously to curb an economy which for months had been struggling against odds to regain peacetime momentum.

• **Renewed Steel Shortage**—As federal officials submitted their first tentative strike-settlement proposals to operators and miners on Tuesday, they knew that even quick agreement could mean no more than that coal would begin to move normally eight to ten days later.

Until the sharp cut in railroad service began to go into effect, the main effect of the coal strike on industry involved steel. With plants all over the country crying for steel, between 1,600,000 and 1,700,000 tons of ingot had already been lost.

This steel loss worried all sorts of manufacturers, from builders of locomotives and motor cars to makers of wire for tire beading, bed springs, and hay binding. Rubber companies, in fact, were convinced that they would be shut off from bead wire before they exhausted their coal piles; General Tire & Rubber already had cut operations from six days a week to five because of the hand-to-mouth supply of the bead used to hold casings snug to the rim.

• **Effect on Food**—Canning plants from California to New Jersey warned that a threatened tinplate shortage would cut down the season's pack, placing just that much more strain on world food supplies. And the Civilian Production Administration earmarked 7,500 tons of wire in government surplus property for bale ties critically needed by farmers. (Demand for bale ties this year is put at about 130,000 tons.)

But, even with steel operations below 60% of capacity this week and headed

lower, most of the country was worried chiefly about transportation and electric power.

Even more rapidly than the Office of Defense Transportation asked, railroads prepared to comply with new orders that called for an embargo on nonessential freight on May 10 and a cut of 50% in the number of passenger trains on coal-burning lines by May 15.

• **Forced Shutdowns**—Plants the country over were faced with inability (1) to get deliveries of needed raw materials and supplies, and (2) to ship their own

products. For example, shoe factories from Binghamton to St. Louis were preparing for shutdowns. Metalworking establishments in all big industrial centers were aware that it would be only a matter of days or weeks until they have to close for lack of materials.

Least affected were areas relying mainly on oil and natural gas for their fuel supplies. Railroads in the Gulf and midcontinent oil states and on the West Coast, being powered to a major extent by diesel electrics and oil-burning steam locomotives, were best off in this respect. So, too, were industrial plants and public utilities in states such as Texas, Louisiana, and California.

• **The Lucky Ones**—New Orleans, Dallas, Fort Worth, Los Angeles, and San Francisco anticipated little difficulty from anything except lack of supplies coming in by rail as a result of the freight embargo. Portland, Spokane,



Four weeks of the coal strike and what it has meant to Chicago's Consolidated Edison Co. Normally, the Loomis St. coal pile—one of several from which the utility draws—holds well over 200,000 tons (above). On Apr. 29 the pile had dwindled (below) to less than 15,000 tons. The company, which normally uses 20,000 tons a day (estimated), placed restrictions on Chicago's industrial and commercial users, cut daily requirements to about 12,000 tons.





TO THEM BEAUTY IS FOR THE CUSTOMERS

Innovations of the 1947 Studebaker Commander include contoured rear windows and elimination (practically) of fenders, but hard-headed dealers at the previews had other things in mind. Remembering servicing, one of 1,600 dealers at the New York showing hit the floor (below) for a look from down under; in Chicago, one dealer—two others following—went under, inched along the entire length, emerged at the other end. Improvements include compact engine design, better weight distribution, self-adjusting brakes.



Tacoma, and Seattle—blessed with abundant hydroelectric power and a little coal from Canada—were almost as well fixed.

In California, Columbia Steel's eight openhearts at Pittsburg had no problem because they were fueled by gas and oil. On the other hand, Henry Kaiser's Fontana mill cut operations sharply in the early days of the coal strike because it relied on Utah coal. Since then, it has made only enough pig to meet its own needs and has stopped selling to outside foundries and other customers.

• **Emergency Agreement**—At Provo, Utah, the Columbia Steel-operated blast furnaces of the big government mill had built up a 60-day supply of pig for the Pittsburg (Calif.) mill before the local coal supply was shut off.

But there were difficulties at Provo. The town and surrounding communities relied on the steel mill's byproduct coke ovens for the gas used in homes, schools, hospitals, and office buildings. After quick consultation, the United Mine Workers agreed to dig enough coal to supply bare needs for gas but kept an eye peeled to see that coking operations didn't go beyond the minimum requirements.

Cement mills in the Seattle area closed at the start of the coal strike—but as they were about due for the seasonal layoffs for repairs, they just took advantage of the occasion instead of waiting to run out of coal.

• **Chicago Brownout**—Far different from the Southwest and West, with their oil and gas and hydroelectric power, were the heavy-industry regions

of the East and of the Middle West. The impact on Chicago was unexpected and paralyzing. One day the citizens were aware that Commonwealth Edison Co. was very worried about its coal supply (BW-May 4, p.10); next day the blow had fallen. There was a brownout; all amusements were denied lights; lighting and elevators in office buildings were cut to "Sunday service," which meant full-fledged work between 2 p.m. and 6 p.m. daily; and industry was put on a 24-hour-a-week power supply, whether it worked three days of eight hours each or a single day of three eight-hour turns.

• **Troubles Multiplied**—The state of Virginia, at midweek, followed Chicago in launching a 24-hour industrial week.

Philadelphia and Washington also came in for the brownout, although not on as strict a basis as Chicago. Buffalo, just struggling back to a satisfactory production level following the motor and steel strikes, found unemployment mounting into the thousands.

St. Louis even relaxed its famed smoke-abatement rules to allow industry to use unwashed screenings from nearby Illinois mines.

Great Lakes steamships destined to haul ore and coal weren't put into commission, and others that had been carrying grain were laid up for lack of coal to fire their boilers. Coal on New England docks was frozen for essential users as the Solid Fuels Administration acceded to the pleas of northeastern state governors. Dairymen from Minnesota to Maine worried about coal to pasteurize milk and steam-sterilize bottles. Textile plants in the Southeast, unless served by hydroelectric power companies, faced an imminent shutdown for want of fuel to power spindles and looms.

• **The Show Went On**—All told, this was a week when ingenuity was at a premium. New York's Metropolitan Opera opened Tannhaeuser in Chicago only to find the house—that-Insull-built blacked out. An idle government-owned steamship was pulled alongside to generate power for the stage—but "road" gear had to be utilized because the opera house's equipment was all a.c. while the ship's juice was d.c. Lantern lit the box office.

The Ringling-Barnum & Bailey circus shortly may be marooned, three other circuses were caught on tour, and an estimated dozen carnivals were playing whistle stops when ODT banned transportation for them. Chicago stores with their own oil-driven power plants proudly advertised business as usual when the city browned out. A maker of diesel standby generators told how useful his product was in emergencies—although carefully refraining from promising delivery dates.

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Illegal Beef

Black market is getting worse as over-ceiling buyers get practically all the meat. OPA tries quotas again.

Diners-out and householders whose butcher shops boast the right connections had plenty of beef this week, also ham, bacon, and lamb chops. But most of the urban U. S. population was getting along out of sheer necessity on pig's knuckles, lamb shanks, and oxtails—and not liking the menu a bit.

Growth of a Racket—Two years ago the meat black market was just a couple of tough guys slitting a shoat's throat in the Georgia backwoods or felling a steer in the outskirts of Cleveland. Today the black market has outgrown those bounds. Secretary of Agriculture Clinton Anderson told a Senate committee that unless the situation is cleared up considerably within 90 days, he would favor abandoning all meat price ceilings.

Slaughterers, wholesalers, and retailers operating with overt disregard of price control law and OPA regulations have literally taken over the meat business. Operators too conspicuous to take a chance have been utterly beaten in everyday competition.

No Questions Permitted—Today's typical retail purchase, at least in some



R. J. Eggert of the American Meat Institute, Chicago, dramatizes the meat picture for the Senate Banking Committee with charts and figures to show extremes to which black-market meat prices reputedly rose in seven cities. New York took first "prize" with a 262% overcharge on veal prices, a 197% overcharge on beef.

big cities, is made by paying the butcher his asking price for a wrapped package of meat. He says he weighed it back in his cold room.

To get this meat, the retailer at dawn drives his family jalopy to the right place. Hours later he returns with his day's stock stuffed into the trunk compartment. From the packer's salesman, who used to supply all of the shop's needs, the dealer at best gets a few pounds of fresh and cured meats plus a hefty lot of sausage, hog snouts, and similar tidbits.

How Much Turns Black?—Last month, three out of every four beef cattle and slaughter calves that walked out of a Corn Belt stockyard pen or a farmer's feedlot were shipped east. Most of these belonged to owners who had paid more for the animals alive than they could possibly dress out in value of meat and byproducts at the legal ceilings.

What share of the beef, veal, pork, and lamb that was lawful when sold by the processor turned black en route to the kitchen stove is anybody's guess—the trade fancies a figure of three pounds of every four. Added to the over-priced animals, this would set the black market's percentage of all meat at well up toward 90%.

Livestock Ceilings—Nub of the problem is the fact that big packers are not obtaining their normal share of livestock. No buyer may pay more than \$18 per cwt., Chicago basis for any beef critter. Allowable prices for live cattle are set according to how the meat grades when dressed, which makes it a gamble from the start. For deviating far above or below the approved prices, the processor gets his subsidy reduced.

To sell meat at OPA ceiling prices, the packer needs this subsidy money. The black marketer beats this game either by falsifying his records or by charging so much for his meat that he makes money even though he does not even apply for the subsidy.

Slaughter Quotas Again—To solve this nasty problem, Washington last month reimposed upon slaughterers the long-suspended quota system that holds their kill to that of a base period. Packers claim quotas previously had little effect upon chiselers, are guessing the rule will fall even flatter within 30 days.

In its first two weeks of revival, a few more animals went to packer buyers, at Chicago almost 30% of the total as against 22% in one April week. OPA cheered these soaring percentages. Industry skeptics sourly comment that 50% more than two cattle adds up to three head, but that neither number provides much meat. Anyhow, they ask, who knows whether quotas or some unidentifiable force in the complex economics of livestock and meat was responsible?

Index Revised

The weekly figures for Business Week's Index of Business Activity have been revised slightly back to the beginning of the year, particularly for periods when major strikes have contorted the national economy.

A weekly index of business activity, to compensate for the limited amount of basic data available on a weekly basis, must perform make those series which are available do double duty. Steel output, for example, is used to represent the activity of steel consuming industries as well as of the steel producers themselves, because the two normally move closely together.

But in strike weeks they obviously do not. For this reason, during the occurrence of a major strike which directly or indirectly affects the entire national economy, it is well-nigh impossible properly to assess the week-to-week impact on general business activity.

Now that more accurate measurements are available covering the periods of major walkouts—autos, steel, coal—corrected figures can be presented to show more accurately the true movement:

Week Ended	Week Ended
Jan. 5...173.4	Mar. 9...163.8
12...173.2	16...167.5
19...169.8	23...170.6
26...153.7	30...172.5
Feb. 2...148.3	Apr. 6...166.9
9...146.5	13...166.7
16...144.3	20...166.7
23...150.7	27...166.3
Mar 2...158.5	May 4...165.2

*Preliminary.

Charges of Obstruction—Packing house workers charge that major packers are willfully letting livestock go to out-of-towners to kill off meat ceilings. Most effective rebuttal, to those who know the industry, was Swift & Co.'s prompt announcement that during March its cattle purchases cost only 1.2% per cwt. less than legal top limits, or about a dime per animal.

Stockyards' wiseacres figured on the backs of envelopes that Swift bought between \$25,000,000 and \$50,000,000 in cattle during March, that its safety margin from OPA guilt was probably 0.03% to 0.06%. More spectacular rebuttal, but obvious windjamming, was packers' retort that they would take all cattle offered and after dress-out would pay top prices allowed by OPA for the meat as government-graded. At mid-week, there had been no takers.

Delayed Reaction

White House phone call is too late to halt the Agriculture Dept.'s order reducing distillers' May operations.

If the White House had been a little quicker on the phone last week, distillers would still be mashing, at a good clip, the corn, milo, rye, oats, groats, and other grains that are used nowadays in the production of whisky. They would be mashing five days or more a month, instead of the three days flat ordered for May by the Dept. of Agriculture.

The White House phoned the department to stay its hand, but the order had already escaped beyond recall by political qualms.

• **Quota Carryover Halted**—The May order is a heavy blow to distillers. Besides reducing mashing operations from five days in April, it cancels the five days' operation previously authorized for June, and, for the first time, prohibits

distillers from carrying unused grain quotas into the following month.

The unused-quota gimmick is one reason for the distillers' ability to carry on so well since quota restrictions were tightened up in February. Under these restrictions, distillers were permitted to use grain for a specified number of days' operation but, until last week, they could extend the mashing period by carrying forward any previous monthly quotas which had not been exhausted.

• **Grain Consumption**—Another reason for the continued high production of spirits has been an increase in the number of distilleries through reclassification of industrial alcohol plants. There are now 151 distilleries eligible to use grain, as compared to 141 last August.

From the war's end through March, production of distilled spirits totaled about 187,000,000 proof gal., exceeding taxpaid withdrawals from stocks by some 70,000,000 proof gal. Grain used amounted to some 37,000,000 bu., a larger quantity than in any comparable period for beverage spirits.

• **Excess Sought**—Piqued by increasing consumption of grain while quotas were

being cut, the Agriculture Dept. established in March a firm daily capacity limit for each distillery and called for report on monthly performance.

Believing that distillers had accumulated large stocks in excess of operation, the department last month ordered limitation on inventories to $\frac{1}{2}$ day supply. The effect was nil. No excess grain appeared on the market, and the department now suspects that the excess was sold to dummies.

Department lawyers still are seeking to contrive means of forcing distillers to unload their excess grain, pending further reduction to be ordered in the inventories.

Cash for Geneva?

U. S. Steel's bid appears most likely to win the big Utah plant. Pricing policy and cash offer gain western favor.

U. S. Steel Corp. appears destined to occupy a substantial niche in the industrial empire which the West is striving to erect on the foundation of its expanded production-capacity and population.

For, more or less by default, Big Steel seems to be the best bet to acquire the \$202,000,000 Geneva steel plant at Provo, Utah, which it built and operated for the government during the war and which bulks so large in empire planning of that region.

• **Pressure on Justice Dept.**—The bid of U. S. Steel's subsidiary, Columbia Steel Co., of \$40,000,000 for the plant plus \$7,500,000 for inventories, was in the eyes of steel men the most attractive among the seven serious and not-so-serious bids submitted to War Assets Administration last week.

Sole question mark is the attitude of the Justice Dept.—and there will be strong political pressure for approval. Even such western trust busters as Senators Abe Murdock of Utah and Joseph C. O'Mahoney of Wyoming are said to favor Big Steel.

• **Played Cards Well**—U. S. Steel thus appears likely to emerge victorious in a three-way maneuver with Henry Kaiser and Colorado Fuel & Iron Corp., serious contenders, at one time or another, for Geneva. Its policy of playing "hard to get"—last summer it went so far as to announce it would not bid on the 1,250,000-ton plant (BW—Aug. 18 '45, p40)—is paying off in a big way.

From the outset the ultimate disposition of Geneva has involved more than mere profitable operation of an ultramodern steel mill in a region of growing market potentialities. Whether the plant could operate in the black wa-

Offers on Steel Plants Vary Widely

Here are the bidders and the bids submitted to War Assets Administration on the government's Geneva steel plant:

Columbia Steel Co. (subsidiary of U. S. Steel Corp.)—Outright purchase for \$40,000,000, with \$5,000,000 payable immediately, the balance in two years, when the plant is expected to be ready for production. Would spend \$18,600,000 converting part of Geneva's plate capacity to make some 386,000 tons per year of hot-rolled coils, these to be finished into sheet and tinplate at a \$25,000,000 mill planned at Pittsburg, Calif. (BW—Dec. 8 '45, p22). Bidder would also pay \$7,500,000 for inventories.

Colorado Fuel & Iron Corp.—Proposes that the government spend some \$40,000,000 on additional facilities. C.F.&I. then would form a \$25,000,000 subsidiary to lease Geneva for 15 years on a \$2 per ton royalty basis. Wants an option to purchase at termination of the lease for \$80,000,000 or whatever figure is set by an appraisal board. Expects an annual output of 500,000 tons.

Riley Steel Co., Los Angeles—Wants to buy the plant plus \$28,000,000 of government-financed tube and sheet capacity for 18 annual payments of \$12,367,000 each. Its offer was based on a 750,000-ton an-

nual output, with full production in two years.

Assets Reconstruction Corp., Ltd., Los Angeles—Offered \$38,750,000 "as is" and offered to spend \$73,000,000 on improvements.

Pacific American Steel & Iron Corp., Seattle—Bid \$40,500,000, to be amortized in 20 years at 2%. Wants to borrow \$25,000,000 for expansion. It also proposed a partnership arrangement under which it would operate Geneva for WAA, from which it would borrow the \$25,000,000.

Judson S. Warshaw, New York—Describing himself as an "industrial consultant," Warshaw offered two-thirds of the "as is" value, contingent on Securities & Exchange Commission permission to offer for public sale 74% of stock in his new company. He also offered to lease the plant. Warshaw said he has no associates, has "some assurances" of financial backing.

Blue Star Enterprises, Salt Lake City—Provided comic relief by bidding \$302,000,000, to be amortized \$20,000,000 annually at 3% interest. The closed corporation, with \$30,000 capital, was created to develop small mining claims. F. Henry Henroid, attorney and company official, subsequently wired a repudiation of the bid.

most secondary to the regionalistic ambitions of the West—of its desire to be freed from the shackles of a steel pricing system tied to the eastern rate structure (BW—Oct. 20 '45, p19).

Opinion Swings Around—For these reasons, therefore, the West long was inclined to favor western operators—Kaiser, C.F.&I., or joint operation by these two, as was once envisioned in discussions between them (BW—Jul. 21 '45).

But Kaiser and C.F.&I.'s Charles Alton, individualists both, couldn't get together—and anyway, there was some doubt whether either or both of them had the necessary resources and experience to carry the project through successfully in competition with eastern steel. And the more sober thinkers in the West realized that what was most desired was an efficient, capable, and all-heeled operator for Geneva, even though that meant U. S. Steel. Belatedly, opinion in the circles that count on the West Coast—and in Washington—was turning toward Big Steel.

Pricing Policy—The corporation has set the situation by promising in its AA bid to institute a pricing policy that would use Geneva as a basing point for products made at Geneva. It intended to put its own money into the plant and into expansion required to turn out civilian items (existing facilities chiefly for wartime products: plates, shapes, and shell steel).

C.F.&I., on the other hand, merely agreed to lease Geneva with an option to buy; while Kaiser used the WAA bidding ceremony solely as a sounding board for additional complaint against the Reconstruction Finance Corp.'s inexcusable attitude toward the debt charges of his Fontana steel mill (BW—Aug. 24 '45, p31).

Freight Rate Question—How successfully Geneva can compete on the Pacific Coast with such operators as Bethlehem Steel, which brings its steel by ship from tidewater plant at Sparrows Point, Md., may depend on U. S. Steel's success in obtaining lower freight rates. Presumably it must have looked into this before bidding.

Committee to Meet—Whether U. S. Steel has completely satisfied the West on pricing policy will be determined at a soon-to-be-held meeting of the Western States Council's steel committee. That group wants to be sure prices are based on cost plus "a reasonable profit," not on some basing point scheme involving "fictitious" freight costs.

Kaiser's failure to bid on Geneva caused no surprise; but the fact he didn't bid on the \$92,000,000 South Chicago steel plant was unexpected. He simply told WAA it was unsuitable for his purposes.

Would Replace Furnaces—Republic Steel, which operated South Chicago

during the war, appeared to have the inside track with its offer to lease for five to 18 years at a rental based on production. Annual rental could range from a minimum of \$200,000 to a top of about \$3,000,000 if specified new facilities are added. Republic wants to replace at least five of the nine electric furnaces with openhearts, would like

an option to purchase at a fair value to be negotiated.

The other bidder on South Chicago, C. A. Depue, Clinton, Iowa, bid \$17,500,000, would set up a corporation to swing the deal.

It will be a month or more before WAA announces successful bidders on both installations.

Can Research Save Mesabi?

Steel companies, many of which may feel pinch in open-pit ore by 1952, back efforts to make vast taconite reserves an economic source of iron. Range's life may hinge also on government policy.

For the United States, as more than one realist has pointed out, the winning of two world wars has consisted in large part of scooping iron ore from the Mesabi Range and delivering it, fabricated, to the enemy.

Should history concoct a third world war after another two-decade interval, no such simplification will be possible, for the Mesabi as this generation has known it will not exist.

That is not to say that either the United States or the Mesabi will have been stripped of iron ore. It is to say that Minnesota's open-pit deposits (BW—Nov. 14 '42, p17), where the day's labor of a single man now yields a 50-ton carload of ready-for-the-furnace ore, will have been depleted to insignificance in terms of national requirements.

• What Is Involved—This fact can affect world politics, cause widespread industrial dislocations, change the economic future of cities and regions, and influence the living standard of every American.

What it actually will do will be determined by such factors as:

(1) Research to perfect economical methods of extracting and utilizing low-grade ore.

(2) Exploitation of new fields, and the extent to which our steel industry becomes dependent on foreign sources of supply.

(3) Government policy, especially with respect to conservation and taxation (federal, state, county).

• Doing Something About It—While there is disagreement as to just when the day of reckoning will arrive (and it won't arrive for all companies at the same time), ore producers and steel men are already initiating projects which be-



From this cut in the earth—the Hull-Rust Mine at Hibbing, Minn.—have come more than 150,000,000 tons of iron ore. Operated by Oliver Iron Mining Co. (U. S. Steel subsidiary), it is the world's largest open-cut iron pit, archetypical of the rich Mesabi diggings which are steadily being exhausted.

Companies Reach for New Iron Ore Sources

That 1946 may be a memorable year in iron ore exploration is indicated by several ambitious company programs.

M. A. Hanna Co. expects to start test-drilling north of the Amazon River, in the Amapa district of Brazil, where iron ore deposits amounting to as much as 160,000,000 tons are reported. Hanna has obtained a 50-year contract for exploitation of the field, and will build a railroad into the property if findings warrant.

• In Latin America—Both Bethlehem Steel and Republic Steel have acquired promising iron ore deposits in Mexico. Bethlehem also has extensive ore holdings in Venezuela, Chile, and Cuba.

To the north, Hanna and the Hollinger interests of Toronto are continuing their exploration of the reputedly rich deposits of the 22,000-sq.-mi. Hollinger concession in the Ungava district of Labrador and Quebec (BW-Jul.7'45,p19). According to Hanna, production there is many years away.

• Open-Pit Operation—Steep Rock Iron Mines, Ltd., of which Cyrus Eaton is chairman, now has its first full year of operation behind it (BW

—Oct.24'42,p79). An open-pit operation at present, Steep Rock last year shipped 505,000 tons of high-grade ore and stockpiled 100,000 tons on the Port Arthur (Ont.) dock. Thus far the company has worked but one of its three deposits.

Westland Mining Co., Ltd., Toronto, hopes to start development work on a deposit 40 miles from Blind River, Ont., 36 hours by lake carrier from the Ohio ore ports (BW-Mar. 2'46,p106).

Canada also has extensive iron deposits in British Columbia.

• In the Adirondacks—In this country, interest continues in the Adirondack field (BW-Apr.15'44,p60), where Republic Steel, Jones & Laughlin, Bethlehem, and Hanna have projects. Estimates of the potential annual yield of the New York-Pennsylvania-New Jersey ore-producing areas vary from 9,000,000 to 12,000,000 tons. Last year the region produced only about 3,400,000 gross tons.

The Birmingham and Chattanooga iron ore district, which produced 8,578,282 gross tons in 1942, will receive increasing attention, of course, as the Minnesota ranges diminish.

taken a keen awareness of a problem to be faced.

An examination of the Mesabi itself is essential to an understanding of that problem. The range, which holds 95% of all Minnesota's known ore, is about 100 miles long and 1 to 3 miles wide. Broadly speaking, there are three kinds of Mesabi ore. In explaining this, E. W. Davis of the University of Minnesota's Mines Experiment Station has likened the range to an elongated raisin cake "with the raisins stuffed with sugar."

• What's in the Cake—The sugar is the high grade ore (more than 50% iron and ready to ship) which has been the main attraction ever since the Mesabi was opened in 1892. The raisins are ore of intermediate grade (40% iron and requiring some processing before shipment). The cake itself is taconite, iron-bearing rock (only 30% iron and far below mill standards).

The importance of this raisin cake to the nation is evidenced by 1944 ore shipments. In that year, Mesabi shipments were 62,509,212 gross tons, or 65.4% of the national total of 95,532,000 gross tons. Mesabi and the other Lake Superior ranges (which, of course, have depletion problems, too) together accounted for 86.2% of all U. S. ore shipments.

• Wartime Warning—Today, according to Davis, the Mesabi still contains about 486,000,000 tons of open-pit, direct-shipping ore. Wartime depletion was such that in 1942 Mesabi shipments hit a peak of more than 70,000,000 tons. In that year Davis warned the War Production Board that continuation of the war production pace would bring exhaustion of the known Lake Superior reserves by 1950.

That the war stopped did not nullify the facts that prompted the warning, and it is expected that many steel companies will begin to feel the pinch in open-pit ore supplies by 1952.

• How Long?—How long the 486,000,000 tons will last may be anybody's guess, just so the guess isn't too long. United States Steel Corp. controls some 78% of Mesabi ore. The open-pit direct-shipping holdings of other companies are estimated at some 100,000,000 tons.

Not all of the ore, however high the grade, will be extracted. As each company reaches the point where further outlay on a particular property becomes uneconomic, operations will suspend long before the last ton has been taken from the earth.

• Real Test—Also, the departure of the companies from the range (and a perceptible drift away from Mesabi has

already begun) will be governed in large measure by success or failure in striking a satisfactory balance between open-pit mining and other types of operations in the same region. In other words, the real test for Mesabi will be its ability to keep usable ore flowing to the mills.

Underground high-grade ore remaining in the Mesabi Range is estimated at about 340,000,000 tons, mostly smaller properties. Only 2 to 2½ million tons of this ore are being removed yearly, because of production costs. Survey by an independent mining company in 1943 indicated that underground ore was being mined at a loss of 28¢ a ton in contrast to a profit of \$1.25 a ton on the open-pit, direct-shipping product.

• Intermediate Ore—The Mesabi also contains (according to Davis) about 100,000,000 tons of silica-high concentrates, a type of intermediate ore now being produced toward the western end of the range at the rate of 10 to 12 million tons a year. These concentrates can be used if mixed ton for ton with direct-shipping ore.

Lastly, but in the end most importantly, the Mesabi has untouched billions of tons of taconite. Iron is in it, but getting at it is the difficulty. Unlike some of the intermediate ore, which requires merely washing to make it usable, taconite requires a complicated and expensive manufacturing operation to prepare its iron content for the blast furnace.

• Main Hope—Nonetheless, taconite is the thing upon which the Mesabi's future must hang if the region is to continue for any appreciable time its role of ore supplier to the nation. (Davis figures that the range will retain its importance only so long as it holds itself in a position to provide, when needed, 60,000,000 tons of mill grade ore annually.)

Since all calculations are based on the assumption that the steel mills won't change their methods of manufacture until they are forced to, Mesabi well-wishers are now centering their efforts on finding more economical ways to turn taconite into ore that meets the industry's present standards.

That such ore is obtainable from that source was demonstrated 20 years ago by a plant which turned out 150,000 tons of high-grade concentrate a year. But the plant simply couldn't compete with open-pit ore on a cost basis, despite the fact that its end product was better than first-class ore and commanded a premium price.

• Seeking the Answer—Research with a view to clearing this economic hurdle is now being carried on in the University of Minnesota's Mines Experiment Station; in the Erie Mining Co.'s laboratory and the Mineral Separation Flotation Laboratory, both at Hibbing;

Minn., in the American Cyanimid laboratory at Stamford, Conn.; and in the Battelle Institute's laboratory at Columbus, Ohio.

The work that Battelle is doing is being sponsored by Jones & Laughlin, Snyder Mining Co., Republic Steel, Pickands Mather Co., Oglebay Norton Co., Inland Steel, M. A. Hanna Co., Cleveland Cliffs Co., American Rolling Mills, and Oliver Iron Mining Co. (subsidiary of U. S. Steel).

Still No Profit—In the light of present knowledge, per-ton cost of beneficiation (the process of upgrading through such measures as crushing, jiggling, washing, sintering, roasting, and agglomeration) will be, in the case of taconite, just about the same as the present Lake Erie price for ore. In other words, there's still no profit in it.

A plant to turn out 10,000,000 tons of the taconite product a year would cost in the neighborhood of \$75,000,000, it is reported, and would employ about 5,000 men.

The basic question, then, which research and world competition will eventually answer, is whether (as in the case of copper) such processing can become economically feasible. And bound up with it is the question: If not taconite, then what?

Alternatives—So far as the Mesabi region is concerned, the handwriting is pretty clear. If not taconite, then the range's days are numbered in direct ratio to the utilization of underground ore and the intermediate concentrates as extenders of the diminishing open-pit treasure trove.

By the same token, should taconite fail to meet the economic test, the steel industry will edge farther and farther away from the Great Lakes and closer to its sources of raw material. If the Atlantic ports become the principal ore-receiving centers, then the mills will be drawn toward the seaboard.

Foreign Sources?—Elmer W. Pehrson, chief of the Economic & Statistical Branch, Bureau of Mines, warned industry a year ago that failure to develop low-grade ore would eventually force the nation to depend on foreign mines (BW—May '45, p70).

Although the government estimates that the United States has within its borders a supply of iron ore that would last 111 years at the 1935-39 rate of use (BW—May '45, p74), everybody agrees that there is not another Mesabi in sight, and that many of this continent's known reserves can only be used after vast outlays for mining and transportation.

Staking Claims—Having read the warning on Mesabi's brow, major ore and steel companies have been reaching out over the hemisphere of late to stake their claims. They are being close-mouthed about the explorations they

are making—in Canada, Labrador, Mexico, and South America. (box page 20).

Whether some of our ore reserves ever will be reserves in a real sense may depend in large part on federal and state policies, which may also determine how soon the nation's open-pit ore is used up and how attractive foreign ores become to steelmakers in comparison with the low-grade domestic ores.

Possible Measures—Among the proposals that have been made in various quarters for federal action are:

(1) That the government acquire control of the larger part of the remaining high-grade open-pit Mesabi ore and keep a third to a half of it as a national reserve.

(2) That the government subsidize production of underground ore and taconite, through noninterest loans and guaranteed return on the product.

(3) That the government stockpile ore at furnace points, holding it for emergencies, and encouraging through its purchases the processing of low-grade ores.

Price Adjustment—The present price structure for iron ore at Lake Erie ports (\$4.41 to \$4.80 a ton) is based on the low costs of open-pit operation. OPA's latest action has been to assure producers that forthcoming price increases to cover wage boosts will be applicable to the whole shipping season. In other words, ore is now being delivered on an adjustable price basis. Nothing has been done, however, that will encourage production of the hard-to-get ores.

State policy affects the future of ore mining chiefly through taxation. It is often within the power of the state to remove pressures which impel companies to use up their ore resources as fast as they can.

How a Law Helped—Minnesota's taconite tax law of 1941 is a case in point. Companies had shied away from taconite because, if they started to use it, they promptly subjected themselves to a stiff increase in the ad valorem tax on their properties.

The new law limited the ad valorem tax to \$1 a year per acre on reserve

taconite, and to about 6¢ a ton on the shipping product. The effect was immediate. Steel companies began leasing taconite lands and experimenting with concentration.

Washington, at the moment, seems more interested in creating purchasing power abroad through ore purchases than it does in safeguarding the domestic ore supply. Whether anything short of actual stringency can inspire decisive peacetime action is problematical.

Trademark File

World index of brand names to protect American users and prevent innocent infringement is advocated by Ooms.

Several innovations in the trademark system were advocated last week by Commissioner of Patents Casper W. Ooms in his first public discussion of the subject since he took office (BW—Jul. 21, '45, p7). Choosing as his audience the venerable U. S. Trade-Mark Assn., Ooms stressed as pressing needs:

A universal file of all marks in use throughout the world for adequate protection of American brand names.

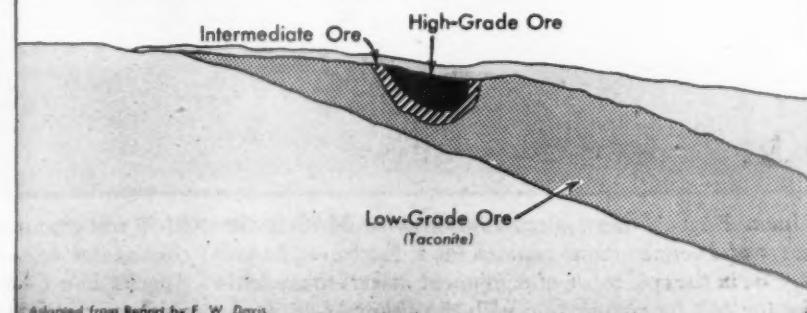
Some form of preemptive registration to protect the prospective user while he is getting set to market his product. This would be patterned after state laws which permit reservation of a corporate name pending incorporation. In this country, ownership of a trademark is a common law right based on use, registration being only incidental.

How File Would Help—A file of all marks in use would help materially, Ooms said, to prevent innocent infringement following "diligent but sometimes futile attempts to search trademark records," and would also aid in avoiding wasteful investment in attempts to establish marks already in use by others.

The patent office, in Ooms' opinion, would not require any new authority to record unregistered marks, but lack

INSIDE THE MESABI

How nature apportioned the range's iron resources



Adapted from Report by E. W. Davis

of funds and space is a serious obstacle to such a move.

The commissioner urged that some way be found to bring clarity and uniformity to trademark decisions handed down by state and federal courts and the tribunals of the patent office. He suggested uniform state laws as a step in this direction.

• **A Federal Sphere?**—Many trademark authorities go further, say Congress ought to reserve the field to federal authority as part of its domain of interstate commerce. Many business interests, called on to fight perennial state "shakedown" bills making registration (for a fee) prerequisite to use, would support federalization.

Several of Ooms' objectives would be accomplished by the pending Lanham Bill, according to its supporters. Ooms has not yet gone on record with reference to the bill. Privately, he favors the bill's general terms but questions several of its provisions, notably the incontestability of a registered trademark after five years' use, and assignment of a mark without transfer of the business.

More Diesels

Fairbanks-Morse moves to get bigger share of railroad business. Milwaukee orders five 6,000-hp. locomotives.

Railroad equipment men this week were talking of new developments in Fairbanks, Morse & Co.'s program for getting a substantial slice of the locomotive orders required to provide diesel power for more and faster trains (BW-May 13 '44, p54).

• **Independent Units**—The first F.M. road engine, the M-50, a three-car 6,000-

hp. job that the Union Pacific has been testing on passenger and freight runs in the Far West since last Christmas, was scheduled this week for the first time to pull the streamliner City of Los Angeles into Chicago. And F.M. has just announced an order for five road engines of this 6,000-hp. size from the Chicago, Milwaukee, St. Paul & Pacific, to which it had previously delivered eleven diesel switchers, one of these the first locomotive actually built by the firm (BW-Aug. 19 '44, p72). The Santa Fe has also ordered one of the 6,000-hp. locomotives.

Each of the three units of the F.M. 6,000-hp. locomotive has a cab permitting its use independently of the others, and is powered with a 2,000-hp. opposed-piston type diesel engine. This is the power plant that the company developed in the 1930's as its bid for the rail motive-power market. The first few of these diesels, which were completed in 1939, went into electrically propelled passenger trains that were built for the Southern Railway Co. by the St. Louis Car Co.

• **Sidetracked by War**—Then the Navy moved in. Thereafter every one of these diesel engines went for submarine propulsion and other service, until close to the end of the war. Now Fairbanks-Morse is reported in equipment circles to have just short of signatures a couple of deals for more of these big locomotives.

Another big-time locomotive is a 6,000-hp. freight job completed last summer by General Motors' Electro-Motive Division. This is a permanent demonstrator, one of several that E.M. plans. It has already been tried out on more than 20 roads, and orders on the books include ten from the Pennsylvania (BW-Nov. 17 '45, p26). At present this locomotive is being used by the Southern.

Tourists Again

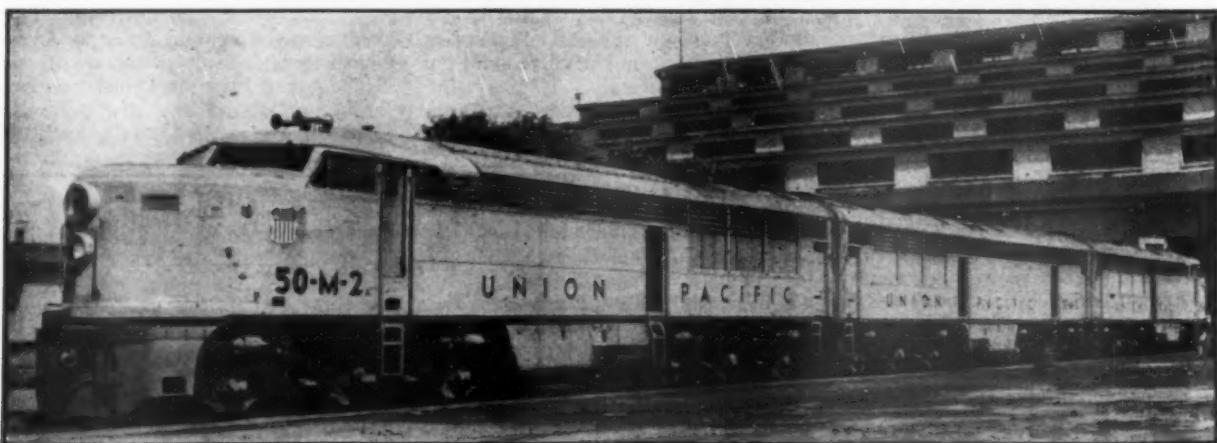
U. S. citizens once more turn to favorite vacationlands. Yet for foreign travel won't have a chance this year.

With money in their pockets and wanderlust in their hearts, promising U.S. tourist spots an unprecedented year, Americans are also turning travel-starved eyes toward foreign lands.

There's no chance, however, that 1946 will see a return to days of the roaring twenties, when 400,000 U.S. tourists each year paid \$700,000,000 or more into eager foreign hands, and made tourism big business all through Europe. This year will witness no resumption of tourist travel to hungry European and Asiatic lands, but instead—and despite general shortages of transport and accommodations—a large increase in American visits to Western Hemisphere countries, particularly Canada.

• **March to Canada**—Incidentally, and contrary to general impression, hemisphere tourist trade had no great boom during the war. Air travel expanded considerably. And Mexico boosted its tourist take 40%, to last year's level of \$70,000,000 (which probably won't go up much this year). But travel to the West Indies and South America declined during the war to \$50,000,000 a year, and expenditures in Canada in 1945 at \$160,000,000 were little more than in 1939.

For today's foreign-bound tourists Canada is the prime Mecca. The Dominion offers one unique advantage: It's easy to reach. Passenger ships to Latin America are only slowly coming back into service, and—despite increased flights—seats on a southbound plane are still



Union Pacific's diesel electric locomotive M-50 is the entry of a veteran diesel manufacturer, Fairbanks, Morse & Co., in the epic battle of equipment makers to modernize the rails for competition with the airlines. Last week,

M-50 was groomed for its grueling first high-speed transcontinental test—hauling the streamliner City of Los Angeles into Chicago. Its performance on that run this week may reshape the division of motive-power orders.

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*It happened in
TEMPERATURE CONTROL*

*Because Carpenter Made Stainless
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Exceptionally close machining tolerances are vital on a job like this thermometer socket. And here's why.

Without a perfect fit between the thermometer socket and the well into which it fits, "dead air space" would completely destroy the instrument's accuracy. Then add to its uniform machinability the fact that Carpenter Stainless No. 8 provides continuous protection against corrosion, and you can see why it is "first choice" material for the job.

You, too, can take full advantage of the improved performance and added sales appeal that Carpenter Stainless gives your products. And you can do it economically!

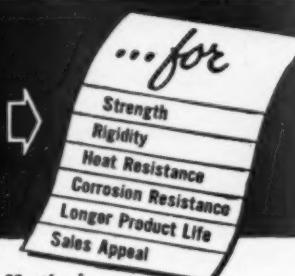
The best answer to getting the most from Stainless Steel lies in giving your problems to Carpenter. Ever since Free-Machining Stainless bars were invented in our laboratories we have been working with Stainless users... spreading a "know how" that lowers unit costs and gets each job done better. Drop us a line today.

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Carpenter
STAINLESS STEELS



BRANCHES AT: Buffalo, Chicago,
Cincinnati, Cleveland, Dayton, Detroit, Hartford,
Indianapolis, New York, Philadelphia, Providence, St. Louis



IT STAYS PUT

A bandage of stretchable gauze that fits snugly even around joints (left instead of sagging (right) has been developed by Southern Regional Research Laboratory, New Orleans. Semielastic qualities are obtained by immersing gauze in concentrated sodium hydroxide solution which shrinks the material. When stretched, the bandage, which can be sterilized, tends to resume its shrunken size.

hard to get. In Canada, 90% of the visitors come by auto.

Last year, the Canadians report, no less than 17,000,000 Americans crossed the border northward. The head of the Dominion's Travel Bureau expects 25,000,000 this year, or twice Canada's population. Many of these are week-end travelers from northern U. S. cities, but altogether they left behind \$160,000,000 in Canada last year and will spend an all-time high in 1946.

• **Emphasis on Promotion**—In any country, that's big business. In Canada, it provides the chief offset to the country's unfavorable balance of merchandise trade with the U. S. Dominion and provincial tourist officials, and private proprietors, are now busy promoting the travel, and at the same time bewailing shortages of Canadian facilities.

Canadian Pacific Ry. is spending \$750,000 in the U. S. this year, advertising its resorts and services; and Canadian National plans similar boosted expenditures. The Canadian Government Travel Bureau, which spent nothing on U. S. promotion last year, will lay out \$500,000 in 1946. Various provinces, especially Quebec and British Columbia, also plan American advertising campaigns through their provincial tourist bureaus.

• **The Big Question**—Despite the welcome offered, Canadian officials are anxious. In the words of one: "The crux of the whole tourist problem today is—



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that makes your interests our first consideration*

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The many benefits of the *policy back of the policy* include the opportunity to share in substantial dividend savings, of which over \$99,000,000.00 have now been returned to Hardware Mutuals policyholders. To help determine the protection you need, send for your free copy of our convenient "Household Inventory" booklet.

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*Hardware Dealers Mutual Fire Insurance Company, Home Office, Stevens Point, Wisconsin
Mutual Implement and Hardware Insurance Company, Home Office, Owatonna, Minnesota*

HARDWARE MUTUAL CASUALTY COMPANY
Home Office, Stevens Point, Wisconsin

Mills of the Morning Glory Grind Sandwiches



When in 1931 the depression knocked Ivan T. Branson of San Francisco out of his job as telegrapher, he and his wife decided to capitalize on the sure-fire appeal—depression or no—of food. They began making sandwiches to sell to offices and industrial plants, and wound up as the Morning Glory Sandwich Co.

Chief glory of the company is a labor-saving assembler, installed about a month ago. It's a patented stainless-steel automatic sandwich maker (left) of Branson's devising, which reportedly enables three women to do the work of about 22 hand operators—making up to 3,000 sandwiches an hour. A similar machine, brainchild of two Brooklyn inventors (BW—Nov. 4 '44, p48), is still in the works.

Sliced bread is fed into the 50-ft. Morning Glory "assembly," passes, via a conveyor belt, through spreaders (right) that apply dressing to

each slice. Meat and filler are applied by hand. A revolving knife halves the slices and the belt carries them to a table for hand wrapping.

The company has branches—but no automatic assemblers—in Sacramento and Salinas. Its ten trucks distribute half a million items a month to groceries and delicatessens, where they sell for 15¢ each.



where are they going to eat and sleep?"

Many Canadian resorts, now reopened after wartime shutdowns or curtailments, find themselves already completely booked. Planned expansions of tourist camps and hotels have been blocked by labor and materials shortages. Wartime curtailment of national park facilities has not yet been fully remedied. Consequently, the Dept. of Mines & Forests urges tourists to bring their own camping equipment and bunk out in the national parks, where campsites are being improved.

• **Transport Shortage**—Going southward to Latin America, it's a moot question whether transport shortages or limited hotel space will provide the worst bottleneck this year.

During the war tourist travel by ship, including the popular Caribbean cruises for which 100,000 Americans spent over \$20,000,000 in 1937, was completely knocked out. Heavier airline schedules, plus feasible rail and auto routes, and the proximity of curious American soldiers in camps near our southern border, enabled Mexico to increase its receipts from Americans from \$50,000,000 in 1939 to \$70,000,000 last year. But other Latin American countries' take from American travelers fell during the same period from \$62,000,000 to \$50,000,000, with a growing proportion representing business rather than purely tourist travel.

• **Air Expansion**—This year, faced with unprecedented cash-on-the-line demand,

both travel and hotel accommodations are increasing. Air expansion has been phenomenal.

Pan American Airways reports 40,000 passengers in March going from Miami south, or returning to Miami from Latin American points. This compares with 12,000 passengers handled in March, 1945, and a total in the whole year 1937 of less than 50,000 passengers handled by all airlines between the U. S. and all overseas points in the world. As more of the new, much larger and speedier four-engine transports are delivered, air accommodations over the next months will swell still further.

Ship lines are having a much tougher time, and the rise of air travel doesn't lessen their worries. With their passenger vessels taken over for government use during the war, and only slowly being released, they are struggling hard to get out some sort of schedule for the fall season, meanwhile limiting their advertising to institutional campaigns and promises for the future.

• **Waiting for Ships**—Grace Line is reconditioning its Santa Rosa and Santa Paula after war service, and hopes with them to reopen a weekly Caribbean run in three or four months. It also has launched six new passenger-cargo boats, but labor tie-ups postpone their completion. By fall three of these 52-passenger air-conditioned liners may be ready to resume the weekly South American west coast run, with the other three supplementing Caribbean service.

Meanwhile Grace has only cargo ships with twelve-passenger capacity each.

Alcoa Steamship Co. doesn't expect its three new 96-passenger ships until November or December, and meanwhile can offer only cabins on freighters for essential travel. The same holds true for United Fruit and Moore-McCormack, which hope to have most of the turned-back liners reconverted by late fall.

AGWI, which normally serves Cuba and Puerto Rico, is running only the George Washington, to San Juan. The liner's plight typifies the current ship dearth. It has been devoted almost entirely to transporting "displaced persons," or those with urgent business or family reasons for traveling. Current AGWI officials are straining their nerves trying to insure that 500 children sent here from Puerto Rico for the school year can get back home in June. There's just no look-in for tourists on AGWI until next spring.

• **American Express Tours**—At least one series of Caribbean cruises, complete with luring picture-studded advance brochures, is scheduled for this summer, however. American Express has chartered the reconditioned Stella Polaris, a yacht-like 200-passenger liner operated by the Norwegian B. & N. Line, and plans four cruises starting June 29. The same agency has also been running, since the turn of the year, weekly all-expense rail tours of Mexico originating in Chicago. American Ex-

ess also has lined up 16 special trains for U.S. tours.

With expansion in air travel, all-inclusive tours by air are being developed. Several agencies are running them to Mexico, Bermuda, Nassau, and Havana, and American Express is also running three 18-day South American cruises, starting in July.

New Hotels Planned—Tourism's second great bottleneck today—shortage of accommodations—is gradually being remedied, as Latin Americans grow increasingly conscious of postwar tourist potentialities. In Mexico City, with some 3,500 hotel rooms currently available, the new Hotel Alameda scheduled to open shortly will provide 700 additional rooms. Other Mexican cities are reported building new hotels.

In a number of South American countries new luxury hotels are under construction or have been recently completed, and several road projects are being pushed with tourists as well as local traffic in mind. New hotels are reported, for example, in Colombia, Peru, Bolivia, and several in the Chilean Lake district.

Few to Hawaii—Pacific tourist travel almost wholly a closed book this year. Hawaii, whose tourist trade before the war was its third largest business, is still crowded that officials are discouraging pleasure travelers. PAA flies a daily plane to Honolulu, and Matson Navigation Co. expects its Matsonia to resume its monthly San Francisco-Honolulu sailings May 23; but few tourists will board passage on either of these services. The same story holds today for Europe. Swedish and Dutch ship lines have resumed service, and a number of plane services are available; but much Europe wants dollar exchange, the food and transport for tourists just isn't there, and the State Dept. says "no" to every would-be seeker of old-world charm.

Some British travel interests are reported dickering for permission to allow "austerity" tourists, and the British Travel Assn. plans considerable American advertising this year. But a pleasure jaunt to European battlefields, resorts, or cathedrals is still definitely for 1947 or 1948.

OUT FOR THE BUTCHERS

The teamsters union of the A.F.L. is locked this week in a two-way scrap with Detroit's neighborhood food shops and its automobile dealers.

The grocers and butchers appeared to be giving way slowly before the organizing onslaught of the teamsters (W-May 4 '46, p86), out of fear that without affiliation they would not receive meat from packers nor be permitted to pick it up.

Their complaint largely stemmed

What Motor Applications INTEREST YOU?

Here are a few of the more than 3,000 applications for which Lamb Electric Motors have been used.

Aircraft Components

Blowers

Business Machines

Commercial Appliances

Electronic Controls

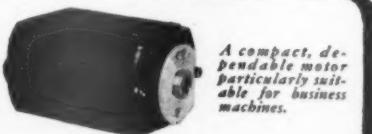
Garage Equipment

Household Appliances

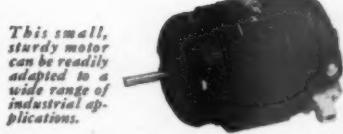
Industrial Machines

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Portable Electric Tools



A compact, dependable motor particularly suitable for business machines.



This small, sturdy motor can be readily adapted to a wide range of industrial applications.



This motor is used extensively on such products as: industrial vacuum cleaners, agitators, stoves and colloid mills.

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KENT, OHIO

Lamb Electric
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FRACTIONAL HORSEPOWER MOTORS



Every time you use your phone you depend upon a laminated paper diaphragm holder in the receiver in order to hear correctly.

That tiny holder, multiplied millions of times, is just one example of the many big jobs that paper, impregnated and laminated with Resinox industrial resins, is doing today.

These "plastics in liquid form" for paper laminates represent today one of Monsanto Plastics' large thermosetting resin markets. Perhaps you don't realize it, but those trays in your company cafeteria, perhaps the mail tray on your desk, or the wastebasket under it, the myriads of radio, electrical and machine parts, big and small... to say nothing of large aircraft structural parts, and resin paper-surfaced wood panels for furniture, coaches and buildings, are plastics-paper combinations.

If you are planning a new product, or restudying your present materials and methods, it may pay you well to investigate paper laminates. Monsanto resin experts have years of experience in successful paper impregnation and lamination, and will be able to give you valuable assistance. For technical data or counsel on industrial resins... for laminating, impregnating, or bonding, write, wire or phone: MONSANTO CHEMICAL COMPANY, Plastics Division, Springfield 2, Massachusetts.

Resinox: Reg. U. S. Pat. Off.

MONSANTO
PLASTICS
SERVING INDUSTRY WHICH SERVES MARKET

Santa Fe Bids for Entry into St. Louis

When Robert R. Young and the Chesapeake & Ohio Ry. needled the other railroads recently (right) for their failure to cooperate in providing through coast-to-coast service via St. Louis, it gave the Atchison, Topeka & Santa Fe Ry. another talking point in favor of a cherished plan. The Santa Fe seeks direct entry into St. Louis from its present mainline station at Kansas City over the existing tracts of the Alton and the Chicago, Burlington & Quincy (BW—Jul. 21 '45, p66).

The Santa Fe asserts that, because of the know-how acquired from the coast-to-coast operation recently inaugurated through Chicago in cooperation with the New York Central, Pennsylvania, and Baltimore & Ohio (BW—Mar. 23 '46, p20), it would be in a better position than any road operating westward out of St. Louis to offer similar service through that city.

Fred G. Gurley, Santa Fe's president, rejected as "smoke screens" offers by other southwestern lines, particularly the Missouri Pacific, to inaugurate through service westward from St. Louis in conjunction with the Santa Fe, connecting with the latter at Kansas City.

A joint operation with a compet-

Why Should St. Louis Be a Stepchild?

Chicago has just won through sleeping car service. It is being denied to St. Louis—on the Washington to Texas run. The same old excuses are being offered!



The article is a clipping from a newspaper, likely the St. Louis Post-Dispatch, dated July 21, 1945. It discusses the lack of direct sleeping car service from Chicago to St. Louis, while such service exists from Chicago to other cities like New Orleans and San Antonio. The author argues that St. Louis deserves equal treatment and questions why the railroads are being so discriminatory.

Cheapeake & Ohio Railway

ing line like the MOP would be inherently inconsistent, Gurley said, in view of the latter's "strong community of interest with the Denver & Rio Grande Western and Western Pacific via Pueblo, Colo."

Santa Fe's official application to the Interstate Commerce Commission for entry into St. Louis will not be filed before completion of the merger of the Alton and the Gulf, Mobile & Ohio (BW—Jun. 9 '45, p80), expected some time this fall.

PATENT SUIT CLOSED

By a consent decree in the U. S. District Court at Los Angeles, the government suit (BW—Sep. 1 '45, p50) against holders of patents on electrical precipitation equipment used in smoke elimination has been closed.

Existing U. S. patents in this field and foreign patents on precipitation equipment made in this country, can no longer be enforced by the defendants—Western Precipitation Corp. and International Precipitation Co., Los Angeles; their president, Walter A. Schmidt; and the Research Corp., New York.

Cartel arrangements with foreign companies were canceled. These companies, not defendants, are the Siemens Schuckert Werke, Berlin, and Lodge Cottrell, Ltd., Birmingham, England.

About 167 patents are affected. Most of these cover recent improvements in the original Cottrell process, on which the basic patents have expired.

Although municipal governments look for development of small precipitation units to clear up smog in cities, precipitation engineers declare that the smallest units now cost around \$50,000 and that the best weapon against smog has been public education in proper combustion of fuel.

AVIATION

Airplanes Trail Tuna

California fishermen will use aircraft for sea surveys. Higher costs and greater demand force fleet modernization.

With continued high demand for fish in prospect, and constantly increasing pressure from crews for a larger share of the catch money, the U.S. tuna-fishing industry is being both pushed and pulled into increased efficiency. A good example of the new trend in this tradition-loving industry can be seen in the Pacific Coast tuna fleet.

Fish-Finders—Profiting by wartime experience, when Navy blimp crews radiod the location of tuna schools spotted from the air, progressive skippers in the tuna fleet are planning to employ their own planes to scout the seas. Tuna clippers (as the fishing boats are called) will be equipped with two-way radios so they can communicate directly with the planes and the shore.

Supersonic bottom scanners will also be installed on the clippers to enable crews to sound out good fishing grounds along the underwater mountain sides and valleys. The equipment will also assist navigation.

Fleet Expansion—Increased demand, shown in the 1945 California tuna

pack of nearly 3,000,000 cases (up 20% from the early '40s), is leading to rapid expansion of the fleet. Improved welding techniques are being adapted to produce sturdier, faster, farther-ranging clippers.

The cost of a modern clipper now runs as high as \$750,000, and this high capital outlay is forcing canneries into the business of financing construction of new vessels. Boats financed in this way fish under contract to the cannery until the debt is canceled.

Crew's Share—Labor pressure is also forcing changes, although the California fleet so far has avoided such disastrous tie-ups as Boston experienced last winter (BW-Jan. 26 '46, p97). At San Diego the Cannery Workers & Fishermen's Union (A.F.L.) recently won the first closed-shop contract in tuna-fleet history. The new contract enlarges the crew's cut of the catch by a percentage expected to raise annual earnings from \$6,300 per man in 1945 to \$7,000 per man this year.

BUSES FOR AIRPORT?

With several of the major airlines which serve Detroit now considered certain to transfer part or all of their schedules to Willow Run airport by June 15, the question has arisen of how to shuttle passengers between the airport and the city. Willow Run is something over 30 mi. from the center of town, compared with only 6 mi. for Detroit City Airport which all the airlines now use.

One of the major claimants for the



MAKING THE NEWS BY MASS TONNAGE

Once sure-fire, publicity aerial cargo junkets have been worked to the bare bone. But the Kaiser-Frazer touch is apparent in the shipment of 200 Graham-Page rototillers from the concrete aprons of the Willow Run plant. The flight made the headlines by sheer weight of numbers. Ten transports from several companies took on the farm machines, flew them to New York, Oklahoma City, San Antonio, Los Angeles, San Francisco, Baltimore, Kansas City, and Atlanta. Production of combination plow, disc, and harrow—made at the former bomber plant—is expected to reach 2,000 a month in May.

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HOME NOW. WHERE WILL WE
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DOES YOUR CHAIR KEEP YOU ON EDGE?

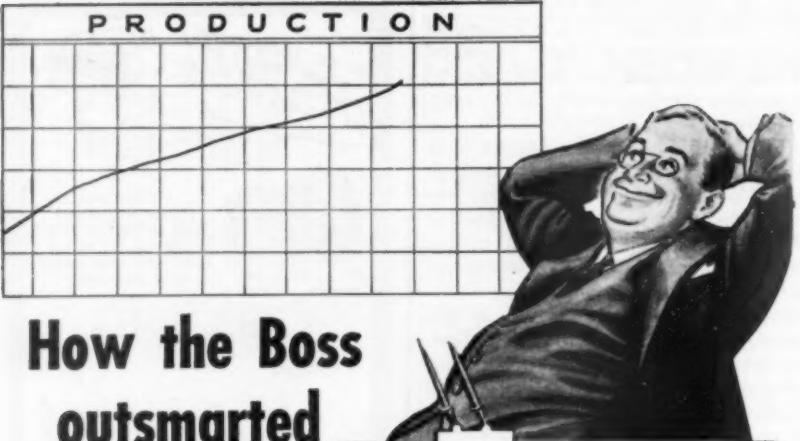


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PRODUCTION



How the Boss outsmarted "summer slump"



IN THE SHOP, the boys are dry—and driving. A few R & M Exhaust Fans do the trick, keep a fella hot on the job—cool under the collar. (You'll be surprised how reasonably you too can put the props under a production curve that always sags in summer.)



OFFICE FOLKS have a will to work—when they're wilt-proofed with a whirlwind R & M Air Circulator. It helps men into a hustling humor—spares girls those too-frequent trips for make-up repairs. (You'll see!) 

EXECUTIVES, too, have enough to battle without trying to beat the heat. For front-office men, there's nothing finer than an R & M De Luxe Fan. Let your R & M distributor help with your "summer slump" problem. To get his name and free fan literature, write: Robbins & Myers, Inc., Fan Sales Division, Springfield, Ohio; or Brantford, Ontario, Canada.



ROBBINS & MYERS
Fans
FOR HOME AND INDUSTRY

short-haul job is certain to be Detroit Street Railways, municipally owned utility which operates all of the city's local transit lines. Since four-engine planes, which now bypass Detroit completely because of inadequate landing facilities, will land at Willow Run, discharging 50 or more passengers at a clip, the transit company says the limousines will be unable to handle the volume. If it obtained the airport contract, it would supplement present service with nonstop buses.

There is no airport limousine service in Detroit today. Rate for metered taxicabs to Willow Run is about \$5, to the city airport about \$1.50.

Detroit is practically unique in its lack of regular city-to-airport service. Of 20 of the biggest cities in the country, twelve are served by limousines charging \$1 plus tax, and six use taxis with flat rates ranging from 75¢ to \$1.15. Of the 20, only Boston, in addition to Detroit, uses meter-rate taxis, and at the airport there is a good bit closer to the center of town.

Clams by Plane

Regular deliveries from east to west coasts started. Research to hike production also gets under way.

Regular air freight shipment of clams, both frozen and unfrozen, has been inaugurated between Boston and such West Coast cities as Pasadena and Los Angeles. But operators say that production on the Atlantic seaboard might be increased if the new market is to be served adequately.

For air shipments Stavis Ipswich Clam Co., a pioneer in developing West Coast sales, utilizes a 20-lb. carton for frozen clams and a special container for its noniced soft clams. The latter containers are chilled before packing, and are said to maintain temperatures low enough to keep the mollusks cold-free for twenty-four hours—ample leeway for air shipment.

• **Still Not Enough**—Ninety-five percent of the total U. S. clam production comes from the soft sand flats dotting the Atlantic beaches from New Jersey to Maine. Even though clam production has been growing steadily, demand still far exceeds supply.

In 1929 the U. S. produced 18,000,000 lb. of soft and hard shell clams; in 1936 the figure had jumped to 26,000,000 lb.; present production is about 30,000,000 lb. Most of the current production represents a wild crop, taken from uncultivated grounds.

Dependence on nature to provide regularly an adequate "set" of clams

... however, be unnecessary if legislation aimed at scientific clam research and cultivation is fruitful.

Research Planned—To correct the anomalies of nature in clam culture Massachusetts recently authorized investigation of artificial seed clam collection and a study looking toward utilization of saltmarsh areas for additional propagation. A fund of \$40,000 a year has been recommended for research; two experimental stations will be purchased to help increase yearly production—possibly as much as 100%.

Surveys by the Fish & Wildlife Service indicate that Massachusetts alone has 11,000 acres of practically barren tidal flats which are potentially capable of clam production.

SANTA FE SKYWAYS

A new and important competitor entered the air-freight field last Saturday when the Atchison, Topeka & Santa Fe Ry. filed Illinois incorporation papers for an aviation affiliate to be known as Santa Fe Skyways, Inc.

Santa Fe explains the venture on the ground that it must be able to engage in air transportation of perishables and light packaged goods in order to offer completely rounded service.

The new airline will start on an experimental basis with five Army surplus C-47s. All flights will be by contract on nonscheduled basis, which means that operations will not be subject to Civil Aeronautics Board supervision. Territory covered will be approximately the same as that served by the parent railroad.

Should Santa Fe's action prove to be a precedent for formation of air affiliates by other major railroads, it might pose a serious threat to the success of independent nonscheduled operators such as the various members of the Institute of Air Transportation (SW-Mar. 16 '46, p36) and the unaffiliated Air Cargo Transport Corp.

PLANES TO NEW ZEALAND

Air service to New Zealand, halted immediately after Pearl Harbor, will be resumed by Pan American World Airways May 25. Flying schedules have not been announced, but Douglas DC-4 Clippers are expected to cut flying time about in half from prewar schedules, now with flying boats. Elapsed time formerly was 100 hours from Los Angeles to Auckland, N. Z., 55 of it in the

Under the proposed passenger fare schedule filed with the Civil Aeronautics Board, passenger fare from either San Francisco or Los Angeles to Auckland will be \$590, a \$60 cut from the prewar rate. Planes will stop at Hawaii, Canton Island, Suva, and Noumea.

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"Richmond Wins the Peace" is a 36-page book, filled with current data about the West Coast market and Richmond's facilities for serving it. Free . . . if you write on your business letterhead.



PRODUCTION

More Light Urged

Potentialities of fluorescent illumination stressed at electric meeting. Shortages delay "relighting" program.

"Relighting America," the goal for the lighting equipment section of the National Electrical Manufacturers Assn. at its meeting in Chicago last week, must remain largely a developmental and educational program until current material shortages are alleviated.

The size of the job ahead was underscored by Samuel B. Williams, editor of Electrical World, a McGraw-Hill publication. Speaking as past president of the Illuminating Engineering Society, Williams told manufacturers that almost all U.S. homes, streets, and highways, and at least 75% of commercial plants and factories are underlighted.

• **Production Slow**—Hardest hit by shortages is fluorescent lighting, which accounted for about 70% of the exhibits at the International Lighting Exposition held in conjunction with the association's meeting. Displays by some 70 manufacturers—for 10,000 distributors, engineers, architects, and contractors—consisted largely of prototypes and test-run items for parts of their lines.

Since 1940, fluorescent lighting has grown to be a \$100,000,000 industry. The steel strike cost the industry tw-



For health authorities and air-conditioning engineers, G.E. displayed its electrostatic bacterial air sampler at the Lighting Exposition. A 1/50 hp motor, used as a blower, draws bacteria in the electrostatic field where they are attracted by gelatinous blood agar on transparent dishes. Weighing 12 lb., the sampler will be available in two to three months for \$250 to \$300.

Pardon, Folks...

BUT DO YOU KNOW HOW MUCH YOU COUNT?



Here are a few of the ways in which you and your whole family *count*: When you go riding, your mileage (trip and total) is counted. When you park, many parking meters note the drop of your coin. Then, when you buy gasoline, quite likely you buy from a pump that counts the gallons and computes the total cost. And when you ride a bus or trolley, your fare is faithfully registered.

That isn't all. Juke boxes, baggage lockers, scales, candy-vending and other coin-operated equipment . . . all these count the coins you feed them. Your movie tickets are counted . . . and your vote, if you vote by machine. Typewriters and office appliances keep count of work done. Attendance at many functions is tallied . . . frequently traffic-flow, too. And, whether you know it or not, much of this counting is done by *you* . . . on Veeder-Root Counting Devices.

Such careful *Control* helps to keep supplies of goods and services more closely geared to demand . . . to prevent shortages and oversupplies . . . and so to make life run more smoothly both for vendor and consumer.

And you can gain like advantages in your own plant or business, by Veeder-Root *Control* scientifically applied to your production machines and processes . . . and built into your product. Write.

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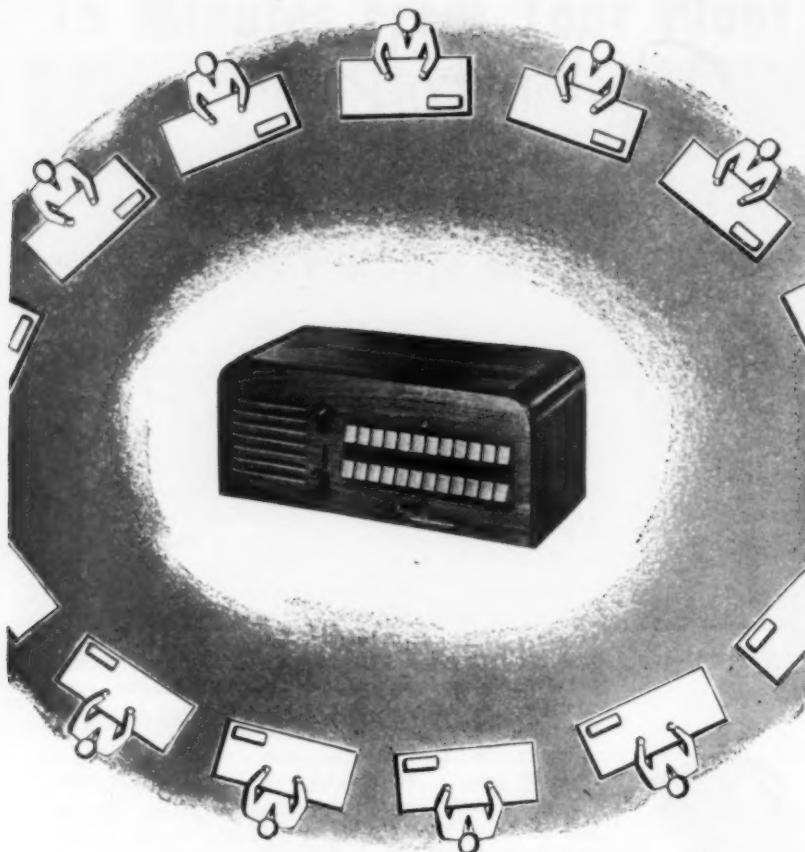


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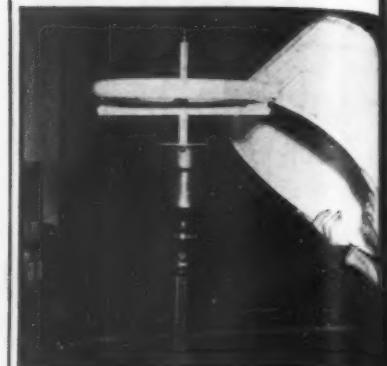


Shown at top is the AMPLICALL Intercommunication unit, available for two-way communication between multiple stations.

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The Rauland Corporation . . Chicago 41, Illinois



Hailed as a major advance in home fluorescent lighting is the circular fluorescent lamp displayed by Connecticut Telephone & Electric Division of Great American Industrial Inc., to demonstrate its line of transformers. At 32 watts, the 12-in. tube yields as much light as a 100-watt incandescent. They will be available in moderate supply this fall at about \$1.30—subject to OPA.

months' production; the present coal strike is doing further harm. Walkouts in glass, nonferrous metals, and in their own plants have also hurt the equipment manufacturers.

• **Big Backlogs**—As a result, suppliers of ballasts (transformers) are working against two- and three-year backlog. Most exhibitors of fluorescents would not promise fixture deliveries in less than six months. Even industrial and commercial incandescent fixtures are available only after six weeks' to three months' delay.

Illuminating engineers are concerned lest manufacturers yield to pressure for quick volume and produce fixtures without shades or diffusers. They emphasize that even fluorescent lighting is not glare-free.

• **Warning on Glare**—Pointing up the concern, Ward Harrison, manager of engineering for General Electric's lighting department, reminded N.E.M.A. members of shortsighted lighting practices of the 1920's, when diffusing glassware was eliminated from most ceiling and wall fixtures for homes. The upshot? Many living rooms today have no central or wall-bracket lighting. Users would not tolerate the glare, and the business has gone to portable lamps.

Harrison prescribed a simple test for new installations. Turn off half the fixtures or half the lamps in a fixture. If eye comfort—not ability to see—is materially improved, glare should be reduced by glass, plastic, or metal accessories.

• **Maintenance Contracts**—As a sales stimulant, Sylvania Electric Products

... is promoting fluorescent lighting maintenance service on a contract basis as adjunct to electrical contractors' business. A recent survey showed burned-out fluorescent lamps in commercial and industrial locations to run as high as 5% Sylvania claims this costs power companies \$3,400,000 a year, figuring the basis of an average annual expenditure of \$81 by commercial users of electricity to operate fluorescents.

Fluorescent light is the nation's third major system of electric illumination. Most electric lamps, commonly used in the 1890's, contained carbon filaments. Early in this century, tungsten filaments replaced carbon. Fluorescent and mercury vapor lamps will not completely replace tungsten incandescents, which will be used to spotlight desks and other work places.

The Advantages Claimed—Fluorescent light, engineers say, will:

- (1) Increase output per man-hour of work;
- (2) Reduce spoilage of products in the manufacturing process;
- (3) Reduce power costs for equal amounts of illumination;
- (4) Aid in maintaining workers' health;
- (5) Help reduce traffic accidents.

Carbon "White"

Tires and other rubber products will come in colors as result of discovery. Compound made from sand, alcohol.

For years scientists have sought a reinforcing agent for rubber that has the same strengthening properties of carbon black without its disadvantages. This week the B. F. Goodrich Co. announced the discovery of a "white soot" simultaneously with the receipt of a patent on the process.

Of Equal Strength—The new "white carbon black" is a product of sand and alcohol. Actually it is not a carbon, but powdery "fumed silica" manufactured by subjecting sand to a complicated series of chemical reactions ending with a combustion process.

Tests have shown conclusively that the fumed silica gives rubber compounds the same strength, resistance against heat and abrasion as carbon black, and without discoloration.

Colors Possible—Even small percentages of carbon black, a product of imperfect combustion of natural gas, make it impossible to achieve white end-products. By using the new powder, not only white, but products of all other colors will be possible without any difficulty.

By substituting the fumed silica for



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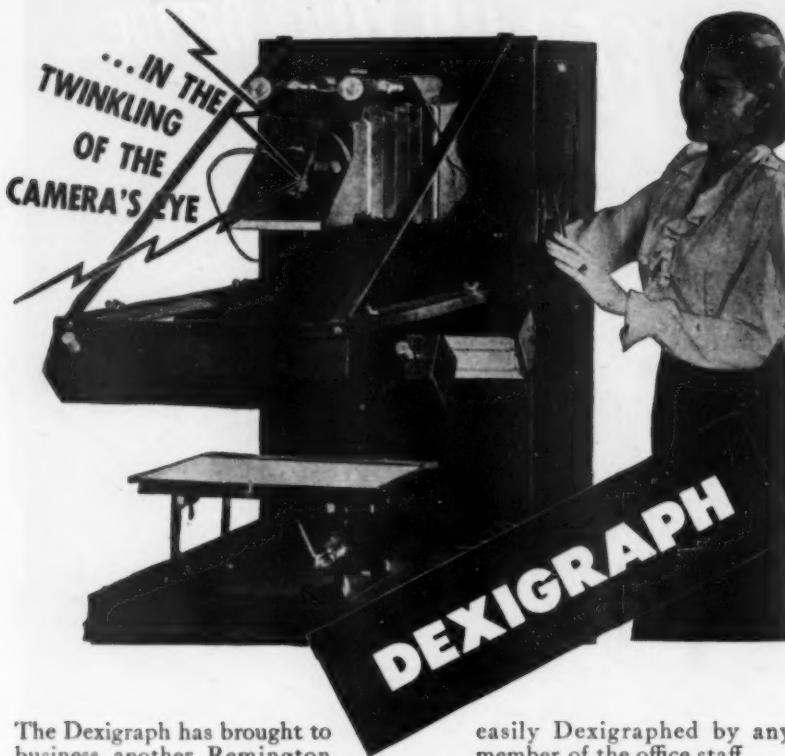
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carbon black, the tire emerges from the mold a light gray color. This will enable the manufacturer to turn out castings in any color desired with both the tread and sidewall the same color. Test tires are being made in Akron now taking advantage of the fumed silica's non-interference with natural or applied coloring. For the rubber worker, the use of powdered silica will be a boon to cleanliness.

- In the Pilot-Plant Stage—Commercial utilization of the compound is still many months away because of its present high cost in relation to carbon black. Where Goodrich will produce the powder has not been decided. So far production has been on a pilot-plant basis.

Use of the new material will permit manufacture of many traditionally black products in colors; rubber overshoes, sealing strips for refrigerator doors, rubber floor coverings, electric appliance cord coverings, etc.

- Long Research—Development of the "white soot" has been under way in Goodrich laboratories for more than ten years. Chemically the powder is ordinary silica. Ethyl silicate, a volatile liquid, chemically made from sand and alcohol, is burned and the white soot results. Under an electron microscope, the superfine, translucent powder is made up of particles that have the same size and shape as carbon black.

Anti-Rust Method

Banox, new technique for improving steel finishes at lower manufacturing costs, is under test in a large auto plant.

Rustproofing by a newly developed process promises improvements in the finishing of steel and galvanized steel at reduced manufacturing cost. The new technique, called Banox by its developers, Calgon, Inc., of Pittsburgh, also protects the metal during manufacturing stages.

The process furnishes a protective phosphate coating which is inorganic and insoluble. In contrast to the phosphoric acid metal treatments, which produce hard, crystalline deposits on the metal, the new coating is amorphous, flexible enough to bend with the base metal, and permits die stamping. The coating is applied by spray, immersion, or brush. In actual practice, good coatings have been produced in 10 sec. at 80 F.

- Purposes, Advantages—Four purposes are accomplished with the new process, according to Calgon researchers: (1) rusting is prevented between cleaning and painting operations; (2) the grease-

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Airplane builders take advantage of the lighter weight of American Magnesium products, to increase airliner payloads. Reduced weight means an increased income of \$100.00 per pound, per plane, per year*.

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riage of a butcher's meat slicer, a spool that carries thread around a mill, or a giant cross-country truck.

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Bring your food processing plant to Iowa, which produces the world's most bountiful supply of agricultural raw materials. Iowa ranks first of all the states in the Union in corn, hogs, oats, poultry, eggs, in finished cattle for market and in total production of combined grain crops. Of Iowa's 35 million acres, 97 per cent is in farm land. Abundant quantities of raw materials are waiting in Iowa for industries processing food or agricultural by-products.

Many kinds of industries are turning to Iowa where they find skilled labor; adequate low-cost power; unexcelled, state-wide transportation facilities; a co-operative government and a pleasant place to live. Profit-minded manufacturers, interested in utilizing Iowa's wealth of raw materials, are especially invited to investigate industrial opportunities in Iowa.



To interested executives this valuable reference book containing a complete picture of industrial opportunity in Iowa is available upon request. Included are vital statistics on population, existing industry, agriculture, raw materials, markets, transportation, and living conditions. Write for your free copy now and see how you can profit by bringing your plant to IOWA! Address: 730 Crocker Bldg., Des Moines 9, Iowa.



IOWA DEVELOPMENT COMMISSION



HEADS OR TAILS, YOU WIN

A wooden clothespin slotted at both ends so that it's always right end up promises an easier "pin-up" job for housewives on washday. Forrest Monroe of H. L. Moore advertising agency, Boston, designed the gadget for his wife; with Lewis Moore of Winchester, Mass., formed a new company, Moore & Monroe, to market it. Price: 15¢ a doz. Dead River Co. of Orono and Calais, Me., makes the pins under Moore & Monroe patent, is said to have orders for millions.

and alkali-free surface produced provides good adherence and flexibility for organic finishes; (3) durability of the finish, as measured by outdoor exposure, salt-spray, "sweat-box" humidity, and water immersion tests, is increased; (4) the spread of rust is prevented from unprotected edges and scratches where the base metal is exposed.

The new process has several advantages over older methods, Calgon believes. It is simpler and more economical because of the lower cost of chemicals per unit area of metal treated and lower heating costs. Investment is said to be low.

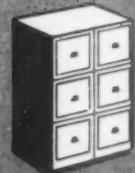
• **Potential Users**—First developed during the war for protective precoating of steel shells, the coating resists rusting in plant atmospheres for periods up to several months, depending on weather conditions. The surface of the treated steel is relatively nonporous, and high-gloss, smooth finishes are obtainable with thin films of paint.

The process is now under test by a large automobile manufacturer and it is expected that manufacturers of refrigerators, gas and electric ranges, deep-freezing units, stokers, and household appliances will find it applicable.

Spray it with **DIMENSO**



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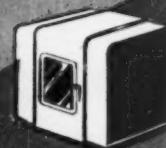


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NEW PRODUCTS

Steam Oven

Low pressure steam does the cooking in new steam oven units developed by the Vendo Co., Kansas City 8, Mo. Heat is supplied through a standard gas burner, and the unit is available for mounting in modern gas ranges or as a self-contained appliance. A reservoir,



in the bottom of the unit, holds three quarts of water, said to be enough for three days' average use.

The boiler, of aluminum or stainless steel, has a cylindrical ceramic reservoir which fits loosely into the boiler shell. Water flows through a hole in the bottom, forming a film of water between the reservoir and shell. This film is converted to steam by the gas flame.

Other features include a float-type gage to indicate water level, and an audible signal device to indicate that the unit has reached cooking temperature and is ready to be turned to "low" operation. The pressure relief valve is connected to the door by a linkage, so that opening of the door vents steam pressure.

Lightweight Thermal Insulation

A lightweight, noncombustible, glass-fiber thermal and acoustical insulation material is announced by Owens-Corning Fiberglas Corp., Toledo, Ohio. A thousand square feet of the material, in a $\frac{1}{2}$ -in. thickness, weigh no more than a suitcase. The basic material, Fiberglas Superfine PF insulation, is composed of glass fibers with an average diameter of 0.00005 in., treated with a thermosetting binder and shaped into resilient, flexible, $\frac{1}{2}$ -in.-thick sheets. Sheets are available in 48-in. and 54-in. widths.

THINGS TO COME

Shrinkage of woolen clothes and accessories will become just a memory when new wool-shrink-proofing processes get into general use. The latest process, called Dur-Lana, is said to be easy to apply and control. Permanent finish is obtained without curing, through the use of a fully polymerized vinyl resin in a bath process.

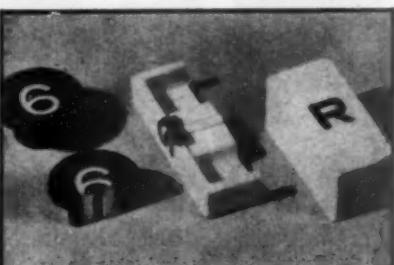
- Commercial waxes are now being made from petroleum tank settling in an oxidation process at Chanute, Kans. The commercial waxes produced replace the hard-to-get carnauba waxes. Further purification to produce edible fats is a distinct possibility.
- As soon as a newly developed electrical fuse plug reaches the market, the problem of telling which fuse it was that blew will be solved. The new circuit protector will have on its face a large "ok" that will be mutilated when the amperage goes too high.

But ease of detection will not be its only attribute. The fuse will indicate whether it is burned by an overload caused by too many appliances turned on at the same time, or whether the trouble is the more serious direct short circuit that might set fire to the building unless corrected. The overload will destroy only the center of the "ok," the short will disintegrate the letters completely.

Density is 0.6 lb. per cu. ft. Approximate weight of the sheets per square foot is 0.025 lb. Moisture absorption is less than 1% by weight.

Built-In Plastic Letters

Numbers, letters, and other designs are built into plastic products with a new process developed by Electric Mfg. Co., San Francisco, eliminating the



need for applying these by the less permanent filled embossing, hand painting, or decalcomania. Already in use for typewriter and adding machine keys and for fancy caps for cosmetic jars, the method involves injection molding on special machines in such a way that the plastic of one color hardens before the second is injected. Any thermoplastic resin can be used.

Die-Cast Portable

No wood, fabric, or sheet metal is used in the new self-charging portable radio developed by the General Electric



Co., Bridgeport, Conn. Chassis, ends, front, bottom, back, hinges, and covers are aluminum die castings. The handle is molded plastic, and the loop form is high-tensile plastic.

The set is powered by a 2-volt storage battery of the airplane type, in a sealed transparent plastic case, which is rechargeable from household 110v. a.c. lines. The usual rectifier tube has been replaced by a copper-oxide rectifier, and no dry batteries are used. The six-tube receiver, which has standard broadcast and five short-wave bands plus three-way tone control, is operated with twelve pushbuttons. The weight of the complete set is about 20 lb.

All-Welded Dump Unit

Equipped with a specially designed hydraulic hoist and pump which permit dumping angles up to 90 deg., the Dumpcrete, announced by the Maxon Construction Co., Dayton, Ohio, is built of high-tensile steel. All corners are rounded and welds ground smooth to provide clean discharge as high as 6 ft. 3 in. above ground level when the equipment is mounted on standard truck chassis. An adjustable baffle, deflector plates, and an inverted center keel provide discharge similar to that of a bottom dump bucket. Standard equipment also includes a hopper for directional discharge and two sections of chute. The unit is produced in two sizes, one rated at 2 cu. yd., the other at 4 cu. yd.

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You can't use the same yardstick for both



THOUGH they may be familiar terms to users of machine tools, depreciation and obsolescence are worlds apart in real significance. It's time to clear up some confused interpretations. While machine-tool depreciation is usually established at a 50% rate over a 20-year period, adherence to so rigid a schedule is hazardous in the face of the hard reality of obsolescence which can impose its penalties in the short period of seven years or less. A machine tool's life and its productive power can't be measured with the same yardstick, for a new machine tool—faster, more effective—can quickly make obsolete machine tools far from the end of their "depreciation" life.

America's high standard of living has been achieved — better goods produced at lower cost — jobs created — because industry has increased output per man-hour 50% every ten years — established a national industrial par. If your company is burdened with obsolete machine-tools—rising production costs — it's time to do some clear thinking about "depreciation" and "obsolescence". For a fresh view-point write for Kearney & Trecker's new, free booklet on the subject.



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★ Industrial records prove that output per man-hour increases at the rate of approximately 50% every ten years. This National Industrial Par is the foundation of American industrial leadership and high living standards.

★ Elimination of waste — plus improved production techniques — plus the most modern machine tools are the controlling forces that increase output per man-hour and cut production costs.

★ Ability to cut costs — not the cost of the tools themselves — are the deciding factors in determining machine tool needs. At least 10% of the total machine tool investment should be set aside yearly for machine tool replacement to enable your company to cut production costs — attain or excel Industrial Par.

RADIO

CBS Boosts FM

Network tells FCC to quit fooling around with improving present facilities, go all out for frequency modulation.

Aggressive Columbia Broadcasting System—the underdog that grew into radio's biggest single time-seller (\$66,000,000 last year)—characteristically has broken the dour network silence on the subject of frequency modulation. CBS publicly has announced its belief that FM will supersede the present system of amplitude modulation almost entirely.

• **Plans for a Network**—Heretofore, the networks have been extremely cagey in evaluating the potentialities of FM, fearing their affiliated stations would get jittery over the prospects of an upheaval in the broadcasting business. But now CBS is taking the bull by the horns. Its young and earnest president, Frank Stanton has flatly told the Federal Communications Commission to quit fooling around with proposed improvements in present facilities. "We believe," said he, "that aural broadcasting of the future will be identified, almost entirely, with FM broadcasting."

Stanton even brought some blueprints of an FM network with him to show to FCC. It would be a 200-station setup reaching 90% of the nation's population. Out-of-the-way ruralities would be serviced by two gigantic standard (AM) stations pushing 1,000 kilowatts over the 1,000-kilocycle frequency band, one from Colorado, one from Kentucky. Several smaller AM stations would serve farmers during the daytime.

As another method of reaching remote spots, Stanton suggested Westinghouse's "stratovision"—the proposed system of airborne transmitters that would extend FM's coverage (BW-Aug. 11'45, p94).

• **What's Behind It**—Trade dopesters, who know that CBS is too shrewd to ballyhoo FM without good and sufficient reason, last week were dissecting Stanton's sermon to see what made the heart of it.

Gist of their diagnosis is that the networks are finding that the cream has been skimmed from the present type of broadcasting, and that FM may be more profitable. CBS' acknowledgment of FM's possibilities does not mean that CBS is uniquely situated, but merely that CBS has fewer inhibitions about getting the subject into the open.

As things stand now, radio is a natu-



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Cosmopolitan features the superlative in emotional writing—the biggest writers at their very best. It's great writing—and it makes great reading. Writing like this talks straight to a woman's heart. It fosters consciousness of charm and beauty—heightens the natural urge to look well and to be admired.

And now, now that Vina Delmar's thrilling tale has stirred her responsive mind, Lambert is confiding to her the secret of self-assurance.

They're telling her that the proper use of Listerine Antiseptic will keep her confident in close-ups. They're showing her how to escape the social taboo of dandruff flakes.

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ral semimonopoly. The number of stations in any area that can boast good wavelengths and satisfactory power is limited. Each of the four big networks wants these stations for affiliates. The result is such severe competition that payments to stations have been driven to unheard of heights. Accordingly, network profits are being considerably curtailed.

• **An Equalizer—FM** would change all that. Stations would be more nearly equal in power and coverage, and there would be more of them (some prophets foresee 5,000 FM stations as against the present 900 AM stations). In short, when FM comes, stations would lose their bargaining advantage, and the networks would be in the driver's seat.

The date of the bridge-over from AM to FM is, however, subject to guesses. A topnotch consulting radio engineer says five years. A lot depends on FCC which has life-and-death power over assignments. So far FCC has issued 425 FM construction permits with 405 applications pending.

• **Few FM Sets Coming**—Meantime FM enthusiasts have worked them-



MIDGET COMMUNICATOR

For his 1½-lb. radio "Tiny Tim" transceiver, Charles T. Haist, Jr. (above) sees a future in farming, surveying—any activity where communication between points a mile or two apart will speed the work. Haist, a radio ham and sales engineer in General Electric's San Francisco electronics department, built the set for a frequency of 144 megacycles, but it can be adapted to lower ones. Its two acorn tubes are powered by a flashlight cell and a 45-v. battery. Dimensions are 7½x2½x1½ in. On a mass production basis, its estimated price is under \$25.

elves into a fine state of gloom over current radio set production. According to an FCC poll, less than 10% of this year's new radios will be able to pick up FM (BW-Apr.13'46,p104). Set manufacturers have bumped into a shortage of materials and apparently some technical difficulties (BW-Oct. 6'45,p91).

But more than one FM booster takes a sinister view of the situation. The charge is that set makers are omitting FM reception so that new sets will quickly become obsolete, require replacement. The consumer minded C.I.O. shares that opinion, and is thinking about a publicity campaign to boycott set purchases until FM reception is incorporated.

Regains Stations

Boston short-wave licensee refuses to join State Dept. system of agreements on international broadcasts.

Walter S. Lemmon, president of the World Wide Foundation, owners of WRUL, WRUS, WRUW, WRUA, and WRUX, international short-wave radio stations with headquarters in Boston, has won his fight to force the government to return his stations, but the State Dept. will continue operating them until June 30, when the station licenses expire.

Seizure Rescinded—World Wide's short-wave stations were seized by the government Nov. 5, 1942, when the Board of War Communications ordered them closed in the interests of "national security." The BWC, in the same order, however, gave the Office of War Information and Office of Inter-American Affairs authority to take them over. The stations never went off the air, but passed from World Wide control to government operation.

Lemmon petitioned the State Dept. a month ago to return his stations so that he might resume the World University of the Air, a series of educational programs beamed to all parts of the world. The State Dept. referred the petition to the Board of War Communications. Lemmon filed another plea with BWC and the seizure order was rescinded.

Awaits Bloom Bill—Before the order was issued in 1942, licensees of other international short-wave stations voluntarily entered into agreements with the government whereby OWI would program their stations. Lemmon refused. Shortly after his stations were seized by the government, however, he signed a voluntary predicated agreement, according to the State Dept., into which

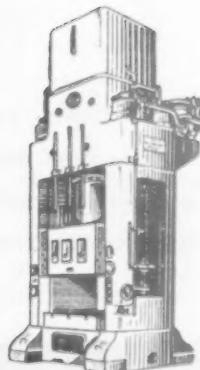
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OWI and OIAA were absorbed last September.

With the Boston short-wave station licenses expiring June 30, it is expected that the Federal Communications Commission will set the license renewals for hearing.

Congress still has not acted on the Bloom bill which would authorize the State Dept. to continue short-wave radio operations after 1946 fiscal year expires June 30.

• Cooperation—In the absence of congressional authority, the department has made "gentlemen's agreements" with six short-wave licensees whereby the radio stations will continue under State Dept. operation until Congress finally settles the status of international broadcasting.

World Wide declined to make such an "agreement," contending it could better program its station. World Wide did offer to "cooperate" by making some time available. The State Dept. has agreements for continuing short-wave broadcasting until Congress acts with Columbia Broadcasting System, National Broadcasting Co., Associated Broadcasters, Crosley Corp., General Electric Co., and Westinghouse radio stations.

Wiring Shortcuts

Radio manufacturers seek ways to cut labor costs. New techniques eliminating wires may help solve problem.

As one means of offsetting increased labor costs in production of radio receivers, manufacturers are considering mechanization of chassis wiring. As conventionally done by hand now, wiring is the most expensive part of production. It involves cutting to length, bending to shape, connecting, and soldering two or more wires for each of the 38 parts comprising an average five-tube set.

• Plastic and Mask Method—One new proposal for making a radio receiver with no internal connecting wires is that of Promenette Radio & Television Corp. of Buffalo (BW-Mar. 30 '46, p. 76). This involves covering an all-plastic chassis with a mask having cut-out lines where connections are to be made. Shallow grooves are sand-blasted in the chassis, then all component parts are set on the chassis with their leads and terminals in these grooves, the assembly is placed in a metallizing machine, and molten metal sprayed into the channels through another mask.

The molten metal hardens in the channels to provide the connections between the parts. Some soldering of ex-



The competitive radio industry may find one answer to rising labor costs in mechanization of chassis wiring—now a tedious hand operation. In Buffalo, Promenette Radio & Television Corp. sprays metal (above) through a mask onto a channelled chassis, uses few soldered connections on the finished set (below). One official estimates eventual savings in labor costs of from 60% to 65%.



ernal leads is still required, but the company hopes eventually to make all connections at once. The advantages claimed are: ease of changing design, since masks are far cheaper than punch-press dies; complete uniformity of production, since if the mask is right all connections must be correct; and possible improved performance, since all wiring in critical circuits is precisely and uniformly positioned on all sets.

• **Punch-Press Wiring**—Another proposal involves forming stiff hookup wires to shape in punch presses, letting them slide down hoppers to correct positions in a jig on which tube sockets, resistors, capacitors, and coils have been previously placed either by hand or by other hoppers, then lowering a multi-

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electrode welding head over the assembly and electronically spot-welding all connections in one operation.

Narrow strips of copper can be punched out with all the required curves and right-angle bends taken by ordinary wiring, and welded to terminals of parts. Insulating buttons would be used here to support the strips in as many different planes as are required to prevent short-circuits where strips cross.

One idea having a rebirth is related to the familiar tinfoil wiring used on glass windows for burglar alarm purposes. Complete wiring for a receiver is punched from sheets of metal foil and cemented to one or both sides of an insulating panel that serves as a chassis on which the parts are mounted. The drawback is that soldering operations are not appreciably reduced, and that soldering to foil is a difficult operation.

- **Printed Circuit**—A wire-eliminating technique, used extensively during the war by Globe Union, Inc., of Milwaukee and now being specified for many military electronic designs of the future, involves using a silk screen, stencil, or mask to apply a silver or other metallic ink to an insulating plate such as steatite (BW—Feb. 23 '46, p19). Sonotone is giving this method serious consideration for its vestpocket-size hearing aids, but must first find a tube socket that connects automatically to the printed lines. Tubes must be easily replaceable in hearing aids to meet consumer demands; also, tubes are often interchanged during final factory tests to obtain best performance.

Emerson is considering Globe-Union's method for home receivers, but no decision has yet been made because shortage of parts is a far more serious problem at the moment.

- **New Loop Antennas**—Emerson has, however, purchased quantities of built-in loop antennas that have been stamped out in a single operation by a variation of the printed wiring technique. In this method, used by A. W. Franklin Co. of New York City, a sheet of copper foil and an adhesive-covered insulating panel are placed in a special punch press that stamps out the rectangular spiral turns of the antenna coil and attaches them to the supporting panel in one operation. To get spacing between turns, the die forces the cut edges of each turn into the panel so that each turn is V-shaped and hence narrower than a flat strip.

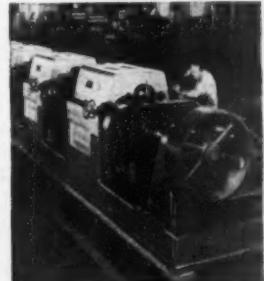
Compared to the conventional wound loop mounted on the back of the cabinet, the new Franklin Airloop is lower in price and itself provides a back for the set. The electrical quality is also greater, about 27% more effective area is provided by its rectangular shape, and the insulation between turns becomes mostly air.

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There's a type to fit your special needs and save you time, space, labor and money. Standard models from 500 lb capacity hand machines with or without hinge, up to electric drive telescopic models of any practical capacity and height. Revolvable and non-revolvable bases; platforms to suit type of material handled.



HYDRAULIC ELEVATORS

Economical Upkeep — Minimum Service Required.
Floor to Floor, Ramp Eliminator — Press Feeders.

SAFE — DURABLE — ECONOMICAL

REVOLVATOR CO.

2011 86th Street, North Bergen, N. J. Since 1904



A VERY LARGE BOOK could be compiled with the ETL reports on experimental models of devices found on test to be lacking in qualifications necessary to the successful operation which means marketability. Naturally these tests have saved large amounts of promotion money for the manufacturers who submitted them for test . . . first. In most cases the tests have been the means toward a successful redesign. It is expensive to have the consumer do the testing.



FINANCE

(THE MARKETS—PAGE 110)

Hollywood Wows Wall Street

Once laggard movie shares now sail financial stratosphere as a result of record show attendance, better foreign business, reduction of debt and interest load, and relief from profits tax.

When Wall Street rendered its "peace is bullish" verdict a year ago (BW—May '45, p74) and started serious buying of securities with the postwar period in mind, the motion picture company stocks weren't one of its particular targets. Reasons for that attitude were not lacking.

After all, that group had long since become one of the stock market's real war babies. Measured by Standard & Poor's weekly stock price index, such shares had climbed by last May to levels some 360% above their wartime low, registered back in 1940.

Movie-going by last spring had reached an all-time peak, and many Wall Streeters, naturally enough, had begun to wonder if peace, and more competition from other pastimes, might not lower box office receipts sharply.

- Erratic Record Recalled—Traders and investors remembered the industry's erratic prewar earnings record, before gas rationing and restriction of other diversions had combined to make people more movie-minded. And they knew that the wider profit margins enjoyed by the industry were due in part to wartime factors that forced economies in operations and permitted unusually long picture runs.

The industry's post-V-J Day performance, however, didn't show the drop in theater attendance so many had expected. Admissions, instead, rose quite sharply. It was suddenly realized, too, that most of the industry's war-swollen earnings had gone to improve finances, that once onerous debt loads had been cut drastically, and that the trade's fiscal position had become the strongest in its history.

- A Postwar Favorite—As a result, the former war baby soon became one of the financial district's postwar favorites. Aggressive buying of such issues by October sent S. & P.'s motion picture stock price index soaring above the peak it had reached in 1937, before the first post-1929 bull market cracked.

That, however, was only a starter. The consistent purchasing of the movie stocks since then has finally sent the index zooming to levels not only some 140% higher than those of a year ago but also about double the 1937 bull market high.

On a dollar basis, the showing over the last twelve months has been even more impressive. For example, Paramount Pictures common (the bellwether of the movie group for some months now) very recently actually showed a gain in market value of more than \$182,000,000. Warner Bros. common revealed a rise of almost \$137,000,000. Twentieth Century-Fox had appreciated by more than \$60,000,000, and Loew's by \$65,000,000.

- An Ingrained Habit?—Behind the furor have been various factors. Pa-



TWO IN A ROW

Like bananas, birthdays oftentimes come in bunches. Take, for example, the Lehigh Valley Railroad, one of the nation's leading anthracite carriers. Last month it joined that small select circle of railroads able to boast of a full century of service. This month it celebrates what is just as important a family occasion as its own centennial—the golden anniversary of the famous Black Diamond Express. Since May 18, 1896, it has been one of the crack daylight trains connecting New York and Buffalo.

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How air-minded are you about AIR CONDITIONING?

Are your business can limp along with lop-sided air. But G-E Better Air Conditioning can give you five benefits...balanced...for economical and efficient operation.

Here's what you get from Better Air Conditioning, installed to G-E standards—comfortable cooling*, reduced humidity*, gentle air circulation, adequate filtration of dust and dirt, fresh outdoor atmosphere.

Don't settle for less than *all five*.

Better Air Conditioning brings in more customers . . . helps make them regular customers. Employees keep that "good morning" look all day long. Merchandise keeps clean longer.

Ask your G-E dealer today for full information. *General Electric Company, Air Conditioning Department, Section 6865, Bloomfield, N. J.*

Better air conditioning gives you these **FIVE** benefits

COOLING*... Ample cooling capacity to maintain refreshing coolness even on hottest days.

DEHUMIDIFICATION*... Has enough machine capacity to dry the air as well as cool it . . . effectively reduces mugginess due to humidity.

CIRCULATION... Gently circulates

the right amount of air to give even temperature throughout.

④ FILTRATION... Has a big enough filter to remove dust and dirt . . . to save many a dollar in cleaning expenses.

⑤ VENTILATION... Introduces plenty of outdoor air . . . maintains a clean, fresh atmosphere indoors.

winter, Better Air Conditioning includes controlled heating and humidification.

GENERAL  **ELECTRIC**



CHECK YOUR CLASSIFIED TELEPHONE DIRECTORY UNDER "AIR CONDITIONING" FOR YOUR NEAREST G-E DEALER

Hollywood Still Reaping Wartime Harvest

The early war years played havoc with the motion picture industry's foreign film rentals, which had been providing some 12% of all its gross. At home, however, the industry rapidly assumed a highly favored position.

Reflecting the public's war-swollen earnings and its quest of relaxation, moving picture theater attendance quickly went to record-breaking peaks. Admission prices and film rentals were hiked sharply. Production difficulties weren't too onerous,

and profit margins, aided by much longer average runs, widened considerably.

High tax rates did absorb much of the war's liberal dollar benefits to Hollywood. However, profits, as disclosed in the table below (in thousands of dollars), zoomed sharply, and the industry has entered the postwar period with the soundest financial condition in its history. Also, despite some earlier misgivings, earnings since V-J Day have been steadily moving upward.

Fiscal years of	1938	1940	1942	1944	1945
Loew's, Inc.					
Gross income	\$108,892	\$121,889	\$119,481	\$145,121	\$153,885
Income taxes	1,329	1,485	9,704	15,162	10,483
Net income	9,918	8,654	11,810	14,517	12,913
Working capital (H)	40,249	59,736	58,944	70,184	91,967
Long term debt (H)	17,962	30,594	25,116	29,340	43,369
Earned surplus (H)	47,787	56,736	63,961	79,679	85,641
Paramount Pictures, Inc.					
Gross income	104,360	98,946	126,989	157,687	
Income taxes	484	958	16,129	29,874	
Net income	2,533	6,304	13,125	14,743	G15,304
Working capital (J)	29,012	27,329	40,618	48,846	
Long term debt (J)	42,923	32,620	30,624	21,120	
Earned surplus (J)	9,347	14,655	28,926	46,160	
Radio-Keith-Orpheum					
Gross income	56,451	54,212	61,401	84,903	
Income taxes	372	732	5,545		
Net income	D186	D988	640	5,206	G6,031
Working capital (J)	B	11,509	15,781	21,155	
Long term debt (J)	B	19,762	22,803	17,478	
Earned surplus (J)	B	904	562	9,509	
20th Century-Fox					
Gross income	60,401	47,320	69,052	179,472	
Income taxes	806	69	7,460	25,100	G21,650
Net income	7,252	D517	10,610	12,480	G12,700
Working capital (J)	24,350	27,321	36,981	42,317	
Long term debt (J)	8,605	
Earned surplus (J)	13,969	13,172	23,782	35,734	
Warner Brothers					
Gross income	102,206	100,337	119,271	141,183	146,618
Income taxes	1,092	838	10,279	15,912	16,700
Net income	D327	2,747	8,555	6,953	9,901
Working capital (H)	8,345	10,792	14,239	25,825	37,451
Long term debt (A-H)	77,274	66,371	55,956	49,672	42,452
Earned surplus (H)	D327	4,445	17,411	28,871	F29,977

A—Includes funded debt due within one year; B—Reorganized as of Jan. 1, 1940; C—1944 and 1945 figures include all voting-controlled subsidiaries; D—Deficit; E—After charge to eliminate \$8,796,000 of "Goodwill"; F—Preliminary report; G—As of approximately Aug. 31; H—As of approximately Dec. 31.

ticularly potent lately have been many estimates that attendance at motion pictures this year may run as much as 10% ahead of the record new high set last year, even though other forms of entertainment are becoming increasingly available. This has led many stock traders to believe that movie-going has become an ingrained habit that won't be easily dislodged, especially when stimulated by shorter hours of work and today's higher incomes and savings.

Particularly encouraging in this respect is the way attendance appears to be

stimulated by an increase in prices. According to showmen, the public now seems to accept the principle that the higher the price, the better the show.

• **Sales Abroad**—Foreign operations, always an important source of income for the industry, also present a bright picture. That end of the business has lately been bringing the industry some \$175,000,000 of annual revenues, compared with a prewar average of about \$135,000,000.

Despite the greater competition in sight from "home" producers in Eng-

land, the industry's chief foreign market Hollywood is confident it can hold its own there, especially if the contemplated British \$3,750,000 loan passes the Senate safely. If the loan doesn't pass, or the new competition gets too tough, it may be a different story, however, since a loss of that market, some authorities figure, might necessitate as much as a 33% slicing in production costs to maintain present profit levels.

• **Costs Rise**—Production costs of late have been absorbing a much larger proportion of the movie industry's gross revenues than during or before the war. This trend is expected to continue, since wages and salaries represent a picture producer's largest items of cost, and will be a battle even to hold their future advance to a moderate pace. Material costs are likewise rising, and at least a gradual shortening in the longer runs per picture that have been so profitable in recent years is in the cards.

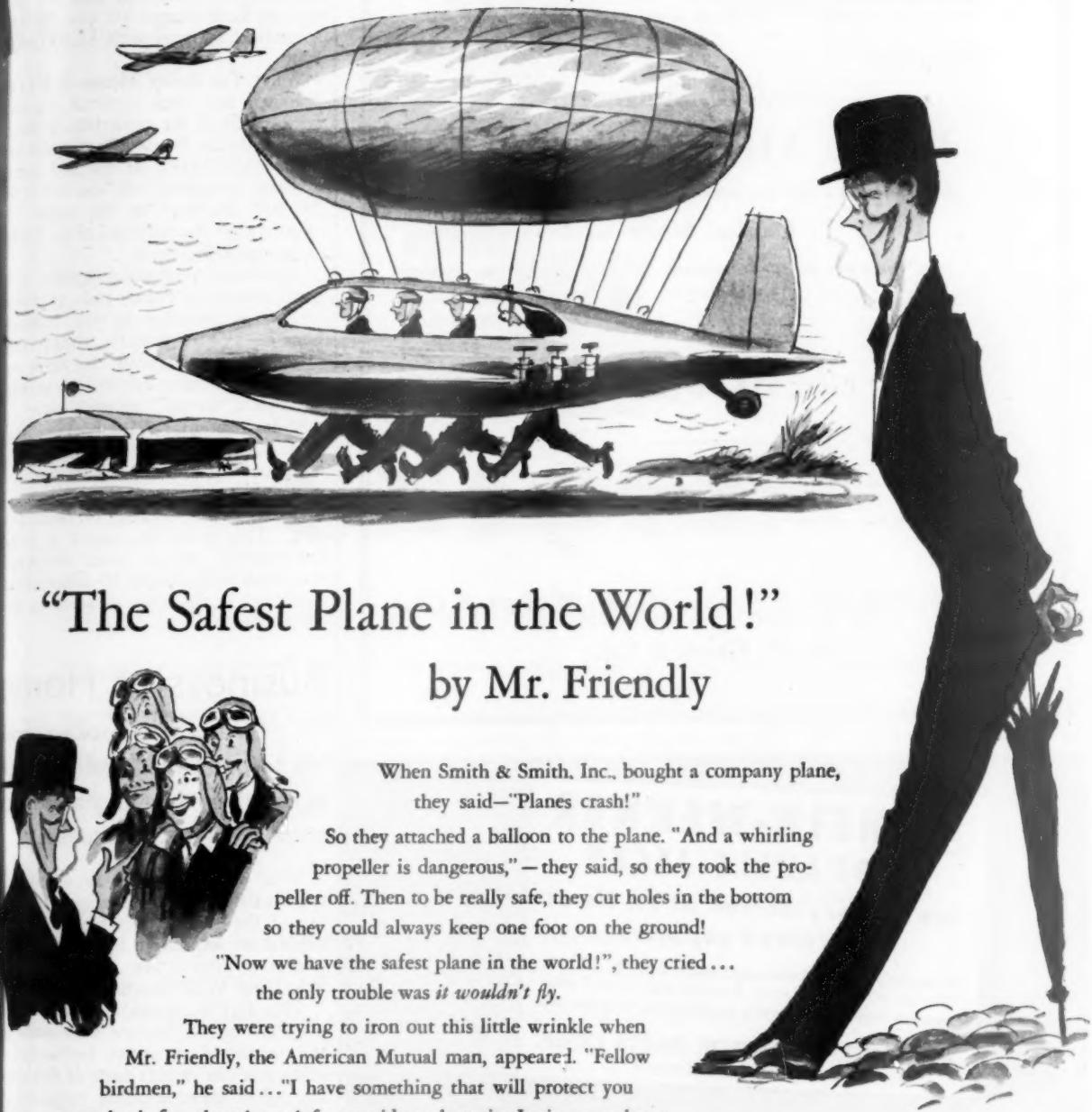
It is expected, however, that much of the added expense will be offset by the lower tax rates now prevailing. All should benefit greatly in this respect. Twentieth Century-Fox, for example, actually paid out 66% of its net before taxes to the Treasury last year. Warner Bros. was nickel for 63% on the same basis.

• **Finances Improved**—A part of future added costs can be offset by the savings in interest and other senior charges that most of the major producers have been able to effect in recent years through debt retirement programs and refunding operations.

One of the most successful in this respect has been Warner Bros. Energetic prewar steps cut its long-term debt from \$112,182,000 in mid-1930 to but \$77,274,000 the year before Hitler started his invasion of Poland. Last summer the company could boast (box) that it had notes payable and funded debt outstanding of \$42,452,000 as a result of using war-swollen earnings to pay off debt rather than dividends.

• **Charges Were Cut Sharply**—The cuts achieved by Warner in its annual fixed charges in the same period, however, makes an even more impressive showing. At one time \$6,674,000, they were down to \$1,786,000 by last summer. Both long-term debt and interest charges will be even less from here on. On the first of this month the company, in the case of the \$37,000,000 bank term loan outstanding last Aug. 31, made a regular instalment retirement payment of \$8,362,000. Also, it fell flush enough to pay off another \$4,773,000 of the loan ahead of time.

Radio-Keith-Orpheum offers another good example of the strengthening of finances accomplished by members of the industry as a result of the war and the trend toward ever lower money-



"The Safest Plane in the World!"

by Mr. Friendly

When Smith & Smith, Inc., bought a company plane,
they said—"Planes crash!"

So they attached a balloon to the plane. "And a whirling
propeller is dangerous," — they said, so they took the pro-
peller off. Then to be really safe, they cut holes in the bottom
so they could always keep one foot on the ground!

"Now we have the safest plane in the world!", they cried ...
the only trouble was *it wouldn't fly.*

They were trying to iron out this little wrinkle when
Mr. Friendly, the American Mutual man, appeared. "Fellow
birdmen," he said ... "I have something that will protect you
completely from loss through fires, accidents, lawsuits. It gives you the
opportunity of saving 20% on premiums! And it lets you really fly your plane!"

"It's American Mutual's *Aviation coverage* ... one example of the wide, complete protection American
Mutual offers all kinds and phases of business!"

Well, Smith & Smith, Inc., was so delighted they signed that very minute. And to
show their appreciation they named their plane, "THE SPIRIT OF AMERICAN MUTUAL'S
COMPLETE BUSINESS COVERAGE"!

P. S. Send for your free copy of American Mutual's Aviation Insurance Plan
today. You'll save ... You'll profit! Write: American Mutual Liability
Insurance Company, Dept. B-22, 142 Berkeley Street, Boston 16, Massachusetts.

Your helping hand for better business!



AMERICAN MUTUAL... the first American liability insurance company

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NEW ISSUE

500,000 Shares
TACA AIRWAYS, S. A.

(Incorporated under the laws of the Republic of Panama)

Capital Stock

(Par Value per share—\$5 currency of the United States of America)

Price \$15.50 per share

Copies of the Prospectus are obtainable from only such of the undersigned as may legally offer the securities in compliance with the securities laws of the respective states.

Hallgarten & Co.

G. H. Walker & Co.

E. W. Clark & Co.

May 2, 1946.

**All HEIN-WERNER
HYDRAULIC JACKS**
are factory-tested at 1½ times
their rated capacity

Complete line includes models of 3, 5, 8, 12, 20,
30 and 50 tons capacity. For details, consult your
nearest industrial supply distributor, or write us.

**HEIN-WERNER MOTOR PARTS CORP.
WAUKESHA, WISCONSIN**



rates. It has just completed a comprehensive debt refunding with the result that its fixed charges are now \$670,000 annually compared with \$2,200,000 in 1940.

• **What Tax Relief Means**—R-K-O has disclosed this week some of the beneficial results of the expiration of the excess-profits tax. It was able to report earnings of \$3,676,000 in the first quarter of 1946, compared with the net of \$1,141,000 disclosed in the same 1945 months after the payment of \$1,390,000 of excess-profits taxes.

Additional protection against a rapid advance in future costs of picture making is provided by the industry's huge backlog of features already made but yet to be exhibited. In many individual cases, these amount to as much as a year's "normal" production.

• **Strike Insurance**—This backlog is also insurance against the loss of rentals in the event the industry should find itself unable to produce additional features in the near future because of strike troubles. This is by no means a remote contingency, either, since Hollywood now deals with close to 50 different craft locals, each claiming jurisdiction in a particular field.

Business at Home

Philadelphia brokers, hoping to persuade local investors to use their own exchange, appoint a full-time executive.

Nine people out of ten when they speak of the Stock Exchange are thinking of the famous Big Board, located behind its impressive limestone facade near the intersection of New York, Broad and Wall Streets.

This fact is recognized—and usually resented—by the brokers who make up the organized securities exchanges in other cities in various parts of the country. All of these so-called "regional exchanges" nurse a long-standing suspicion that a lot of business goes through New York that could just as well go through them. Particularly in recent years, they have been experimenting with a variety of measures designed to persuade local investors to make their deals on the local exchange instead of taking the Wall Street detour.

• **Following the Trend**—The latest regional market to make a bid for expansion is the Philadelphia Stock Exchange which has just decided to put itself under a paid executive instead of leaving its management to volunteers from the membership. On the first of the month, it created the job of executive vice-president, with a salary reported to be \$10,000. To fill the new spot,



UNIQUE

In the entire country with its 19,561 periodicals—there is only ONE magazine devoted 100% to reporting, spot-analyzing, forecasting the news of national affairs . . . This is the news which directly affects business policies . . . Interpretations and spot-analyses of the news of national affairs is “must reading” to more than 250,000 important people.

The intensity of readership of The United States News is indicated by the fact that 80% of all subscribers order the magazine delivered to their homes for leisurely study. That's one reason why more than 450 prominent companies are represented in the advertising pages.

THE UNITED STATES NEWS (250,000 Guaranteed)

The Direct Route to those who O. K. corporate purchases

DANIEL W. ASHLEY
Vice President in Charge of Advertising
30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

There is one "must" on my shelf and that is to read your magazine thoroughly—I believe it to be the most enlightening publication which has come to my attention."

O. M. Mosier, Vice President
American Airlines, Inc.

★ 90.1% OF THE SUBSCRIBERS READ IT EVERY WEEK FROM COVER-TO-COVER ★



JEEPS to South America

These Jeeps, on their way to Colombia, are the first large commercial shipment to be made since the end of the war.

Central Hanover's Foreign Department brought the South American distributor and American manufacturer together—and Central Hanover's Letter of Credit financed the shipment.

Whether your interest is in exports or imports, you will find at this Bank every facility for handling your foreign trade transactions *in any part of the world.*

We welcome inquiries about your specific problems in the foreign field.

CENTRAL HANOVER BANK AND TRUST COMPANY

NEW YORK

London Branch . . . 7, Princes Street, E. C. 2



Member Federal Deposit Insurance Corporation



First paid executive vice-president and prime promoter of the Philadelphia Stock Exchange is Alexander Biddle (above)—a name synonymous with gilt-edged bonds to the inhabitants of the City of Brotherly Love.

picked a man with an ancient Philadelphia name—Alexander Biddle.

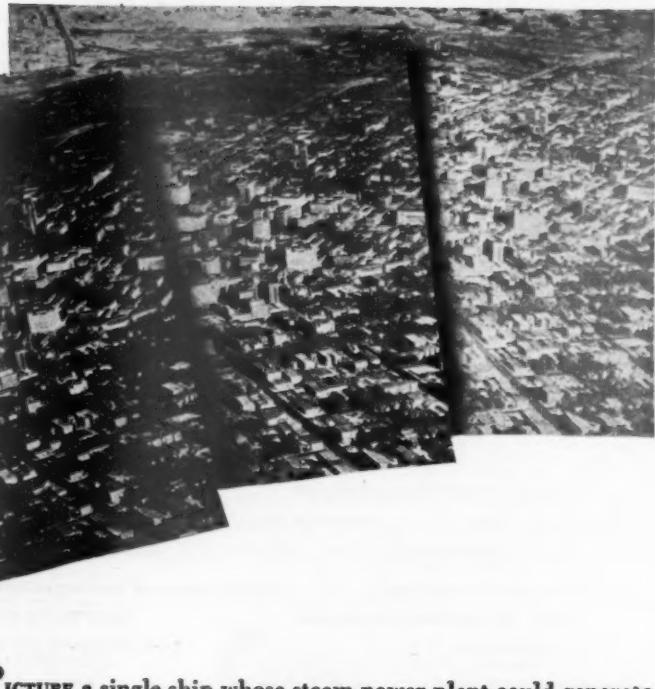
In establishing Biddle as a paid manager, the Philadelphia Exchange is following the example of the Big Board, which reorganized itself in 1938 with William McChesney Martin as its first paid president. Martin, however, drew \$48,000 a year for policing the premises at Broad and Wall, and his successor, Emil Schram, kept up with the cost of living by getting a raise to \$100,000.

Since the Big Board set the pattern, four other cities—Chicago, Detroit, Los Angeles, and San Francisco—in addition to Philadelphia have installed paid executives.

• **Time for Promotion**—Biddle's main task for the present will be to build up the Philadelphia list and increase trading in the issues already listed. Essentially, it's a promotion job.

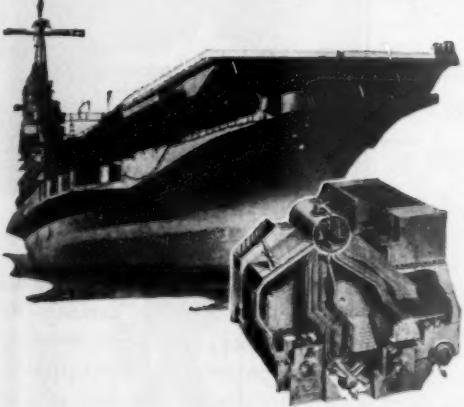
The local Philadelphia brokers think there is plenty of room for some constructive promotion. They point out that their city is the third largest in the country in population while their stock exchange rates a poor sixth in volume. It is topped not only by New York's Stock Exchange and Curb Exchange, but by the Chicago, Boston, and San Francisco exchanges.

Philadelphians feel that many local buy orders meet local sell orders for the same securities on the Big Board. In addition, there are companies in the area that don't even bother to list on the Philadelphia board. The exchange



Electricity for 3 Denvers . . .

*from the Boilers
of a Single Ship*



Water-Tube Boilers, for Stationary Power Plants, for Marine Service . . . Water-Cooled Furnaces . . . Superheaters . . . Economizers . . . Air Heaters . . . Pulverized-Coal Equipment . . . Chain-Grate Stokers . . . Oil, Gas and Multifuel Burners . . . Seamless and Welded Tubes and Pipe . . . Refractories . . . Process Equipment.

PICTURE a single ship whose steam power plant could generate electricity for three cities the size of Denver—with Yakima or Baton Rouge thrown in for good measure. Such a ship is the carrier Midway, and of such power are her B&W Boilers.

But a carrier's job is to carry planes, not boilers. So size and weight become big factors. True, the Midway's boilers are large by everyday standards—still, three Denvers and a Yakima are big, too. Viewed in that light, the boilers of the Midway are a miracle of compactness indeed. Altogether, they produce two million pounds of steam per hour—yet any two of them could fit into a typical one-family house!

Boilers for the carrier Midway, and overcoming the design and operating problems they posed, are one example of progressive engineering by B&W. The marine field—and the many others served by B&W—offer additional testimony to this: that B&W, though old enough to have pioneered important advances in many fields, is yet young enough to have new ideas . . . ideas for the engineers of all industries, in connection with present problems or future plans.



BABCOCK & WILCOX

THE BABCOCK & WILCOX CO.
85 LIBERTY STREET • NEW YORK 6, N. Y.

THE BABCOCK & WILCOX TUBE COMPANY
WELDED TUBE DIVISION • SEAMLESS TUBE DIVISION:
ALLIANCE, OHIO • BEAVER FALLS, PA.

N-13

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THE SCRANTON ELECTRIC COMPANY

COMMON STOCK

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INCORPORATED

MAY 2, 1946

hopes to cultivate these potential registrants and build itself up gradually as the principal market for the securities of Pennsylvania firms.

• Peacemaker, Too—In this sort of prestige-building work, Biddle's background will give the Philadelphia exchange something almost as impressive as the Big Board's limestone front. He was born (Apr. 4, 1893) in the Chestnut Hill district of Philadelphia. He went to Groton and Harvard, was once a partner in Charles D. Barney & Co. (one of the ancestors of Smith, Barney), and has just retired from the Army, having served as a lieutenant colonel in military government.

The members of the exchange, however, are not entirely of one mind about their promotion plans. Several of the firms operating entirely on the Philadelphia exchange accuse the firms with New York connections of trying to bypass the local market. As they see it, the New York brokers who maintain Philadelphia branches find it easier to put an order on the wires and fill it on the floor of the Philadelphia exchange.

Philadelphia firms naturally are inclined to regard this as something close to treason. One of Biddle's jobs will be keeping the peace between the two groups of brokers—preferably by scaring up enough business to make both of them happy.



This advertisement appears as a matter of record only, all of these securities having been placed initially by the undersigned at the price set forth below.

\$32,000,000

Philip Morris & Co. Ltd., Incorporated

2 $\frac{5}{8}$ % Sinking Fund Debentures, due April 1, 1966

Dated April 1, 1946

Price 101% and accrued interest

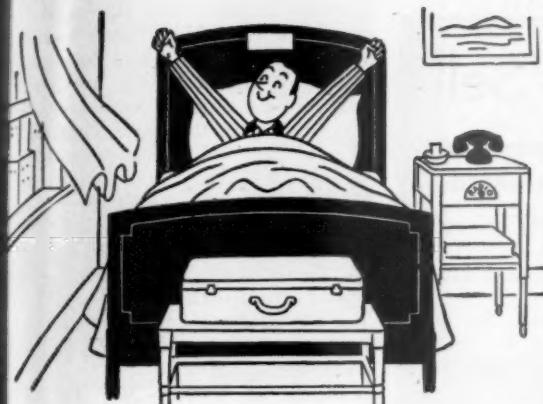
LEHMAN BROTHERS

GLORE, FORGAN & CO.

April 30, 1946.

FOR PAINLESS PARKING

Exasperated by the complexity of Los Angeles' downtown parking, Ralph Reed (above), Burbank inventor, offers his solution—a spiral parking garage—to city fathers free of charge. As planned, the structure would be 192 ft. in diameter, have twelve floors (six below ground), could accommodate 1,200 cars. From street-level entrances, motorists could drive to stalls, return to the street via elevators.



When you awaken in the morning at a Statler Hotel you have two wonderful thoughts in mind . . . what a grand rest you had in that Statler bed with its comfortable 537-coil spring mattress . . . and, bring on that . . .



2. *Statler breakfast!* You have it sent . . . piping-hot . . . to your room, or you start smacking your lips as you head for the Dining Room! Ah—now for a real treat! Nothing quite like a Statler breakfast to start the day off right!



After a busy morning, you're back to the Dining Room again . . . for luncheon. What a gourmet's delight! What fragrance of hot Statler muffins, what meats, what delicious coffee, and desserts . . . prepared as only our chefs prepare them!



4. *Comes evening*, when business or friendship calls for entertainment, you'll find no need to stir outside of your Statler Hotel! Just drop down to the dining room where smart folks go to enjoy fine food and star-studded entertainment.



When it's theater or movies you want, you'll find the theatrical district easy to reach . . . within walking distance. The same is true of the shopping and business districts—for in all Statler cities the focal point is always the Statler Hotel.



HOTELS STATICK IN
 BOSTON \$3.85 BUFFALO \$3.10 CLEVELAND \$3.00
 DETROIT \$3.00 ST. LOUIS \$2.00 WASHINGTON \$4.50

STATLER-OPERATED
HOTEL PENNSYLVANIA \$3.85 HOTEL WILLIAM PENN \$3.85
NEW YORK PITTSBURGH

Series Begins at Prince Shows

**HELP YOUR COUNTRY, HELP YOURSELF
INVEST IN U. S. SAVINGS BONDS**

MARKETING

Just One Question: Will It Sell?

Gimbels finds that the answer usually is yes—whether it's art or Army trucks. Big department store moves worlds of unusual merchandise—anything that "stands on its own."

Fred Gimbel started something in 1941 when he persuaded his brother Bernard, president of Gimbel Bros., Inc., to take on the job of selling the Hearst art collection. The success of that venture has not only kept the New York Gimbel unit (which Fred Gimbel heads) in the art business ever since, but also opened the eyes of the entire Gimbel clan to the fact that a department store is a market place that can sell many things besides dry goods and housewares.

• **From Art to Tractors**—Since then Gimbels—especially in its New York and Philadelphia stores—has boldly applied that principle to normally alien merchandise ranging from big-ticket items like truck tractors to novelties like ball bearing pens (BW—Dec. 15'45, p84). Much of this merchandise was military surplus or rejects. Most of it paid off in new sales and new customers.

Well known by now is the story of Gimbels' disposal of about 10,000 Hearst treasures ranging from \$2 items to an eleventh century Spanish monastery (unassembled) at \$19,000 (BW—Nov. 1'41, p38). Less well known is the fact that Gimbels' fifth floor still does a lively business in art collections consigned to it (and on which it gets the typical 30% to 40% markup) and that Gimbels' eleventh floor still has biweekly art auctions. The latter are strictly on commission, and have such sales as a \$19,000 Gilbert Stuart and a \$25,000 Remington to their credit.

• **On Their Own**—Both these departments "stand on their own," which is Fred Gimbel's way of saying that they are charged with the full rental for the space and location they occupy, and bring a return at least as great as departments handling comparably bulky merchandise, like furniture.

But Gimbels discovered that these departments had other advantages: (1) They brought new customers (although one-third were art dealers or patrons not always promising long-range customers for the store's other departments); (2) they brought many new charge accounts, some of which continued satisfactorily active for years; and (3) they proved that art could be sold to unlikely buyers—such as the housewife who came to buy a suit for her

young son and bought him a Lincoln autograph instead.

• **Success With Trucks**—So far art is the only alien item which has resulted in a permanent Gimbel department. But trucks, one of its latest and most successful ventures, are also a possibility for permanence, although Fred Gimbel says that so far the store has acquired no agency. On Mar. 31 Gimbels offered new, 2½-ton Studebaker trucks for \$2,900, acting as an agent for Arthur Price Associates, New York, which had purchased them unassembled from the government. From a sample, about 400 trucks have been sold (and are still selling), the buyers taking possession from a New York parking lot.

On Apr. 7 the store advertised used 1½-ton Chevrolet Army trucks at \$1,499 and sold its lot of 130 in 2½ days. Now offered are new 5-ton International Harvester truck tractors, made for the Army, at \$4,945; the first week's display brought 15 sales. This was a leased department. Gimbel says that on trucks handled directly it had only a 9% to 12% markup—substantially less than the customary department store percentage, but, of course, involving lower selling costs.

• **Radio Sets Snapped Up**—If Gimbels' success with trucks surprised the de-

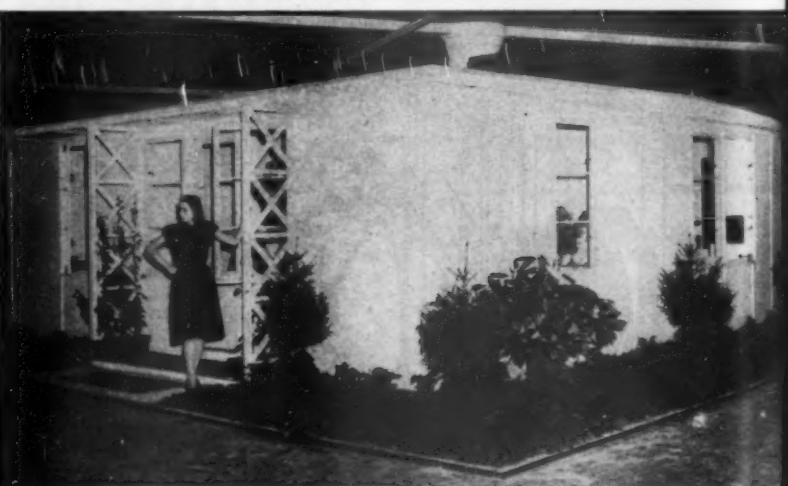
partment store trade, its success with another odd item surprised even Gimbels: 1,800 sending and receiving sets for radio "hams"—new, surplus, and assertedly costing \$1,100 each to build—were sold in a hurry from a floor sample at \$78.50. Another quick mover was paratroopers' midget motorcycle—British war surplus this time. Half the lots of 600 were sold in advance from a sample, at \$188. Three lots of Army Signal Corps field telephone sets were snapped up at \$29.95, \$33, and \$39.95.

Not all the war surplus items carried by Gimbels are alien; some replaced war-absent civilian goods. Examples are the 25,000 Army blankets of all types, women's military coats at \$21, and Army bunk beds at \$9.95.

• **Plenty of Variety**—Nor are all of Gimbels' alien items war surplus. Its success in selling 1,000 of the first book ever printed, from the Volbehr collection of incunabula (BW—Dec. 15'45, p38), is nearly as well known as its disposition of the Hearst collection. Much more recent is its sale of 100,000 Reynolds ball bearing pens. Less well publicized is its sale last year of 100,000 prints of Elizabeth Schoumatoff's unfinished portrait of Franklin D. Roosevelt at 50¢ unframed, \$2 framed, on a royalty arrangement with the artist.

Last week Gimbels ran true to form by advertising the Wilkinson Sword Razor, an English safety make boasting seven blades that "last a lifetime." Characteristic Gimbel copywriting proclaimed that "the only place in the 48 states you'll find this razor is Gimbel's street floor." Gimbel previously had got into the razor mood by featuring the "Shake-Sharp" razor with built-in honing stone last Christmas.

• **Some Bad Guesses**—Not all Gimbel's alien items are successful. One lemon was an Army ammunition cart which



One Gimbel item that didn't move readily was a four-room prefabricated bungalow priced at \$2,399. Like many another of its kind, it ran afoul of local building codes (BW—Mar. 23'46, p41). Of 100, Gimbel sold only 30.



Gimbels' street floor, trucks appeared—and sold—where bargain tables stood before. Fred Gimbel (above), head of the New York Gimbel unit, considers the store's success with trucks as proof that, after a war at least, a department store is a market where almost anything goes.

advertisements for household and garden equipment but which was too heavy to be shipped easily by hand; it took three or four months to sell 100 of these. But still heavier version of the same item, suitable as an auto trailer, sold readily for \$55; some 500 of them in ten days. Last December Gimbels trumpeted the news that it had prefabricated four-room bungalows for \$2,399—immediate delivery, veterans to be served first (W-Dec. 22 '45, p84). But the houses, which a Baltimore firm had built for shipment to England, ran afoul of zoning laws in the New York area, and only 30 out of the 100 available were sold. A \$195 prefabricated one-room "house" offered later sold better. News Value Plugged—It's hard to determine where down-to-earth merchandising of Gimbels' alien items comes, and sheer publicity begins. Although the criterion is that all items must "stand on their own," Gimbels never misses a trick in exploiting their value. Sample newspaper copy: "Gimbels, getter of the unusual, converter of has-nots into hits, has Chevrolet trucks. . . ."

Some of this merchandise is sought either by Gimbels' buyers or its central buying office (which procures it from other Gimbel stores to a lesser degree)—and some comes unsolicited from the momentum of the store's reputation as a market for off-the-beaten-track goods.

What's Next?—Spark plug of this program is Fred Gimbel, and most alien merchandise is cleared with him first;

BETTER "CORDIALLY ADVERTISED"

... than "Politely Ignored"



In a competitive world, it is good business to transform ordinary shipping boxes into potent "traveling billboards" which advertise, not ignore the products they carry. It's not only good business, it's good merchandising.



HERE'S SHIPPING
BOX INDIVIDUALITY

Now, until ample raw materials are again available, plan your new packaging program. When your shipping boxes identify your product throughout distribution . . . they help sell, create good will, build customer acceptance. In the H & D Package Laboratory, skilled artists, designers and package engineers will make your shipping boxes possess true individuality . . . will make them as representative of your company and product as your letterheads and trade mark. The complete story of shipping box individuality is told in the booklet "How to MERCHANTISE with Corrugated Boxes." Address The Hinde & Dauch Paper Company, Executive Offices, 4603 Decatur Street, Sandusky, Ohio.

REG. U. S. PAT. OFF.

H&D HINDE & DAUCH
AUTHORITY ON PACKAGING

FACTORIES IN: Baltimore • Boston • Buffalo • Chicago • Cleveland • Detroit • Gloucester, N. J.
Hoboken • Kansas City • Lenoir, N.C. • Montreal • Richmond • St. Louis • Sandusky, Ohio • Toronto

PLAN ATOM TESTS AGAINST WARSHIPS-



But...

Proper Ventilation may be vastly more important to your business



TODAY, no one can minimize the importance of ventilation to business . . . whether it is commercial or industrial by nature. From both the dollar and cents and employee relations angles . . . purchase of equipment to provide proper ventilation is a sound investment.



Herman Nelson
Direct Drive
Propeller Fans



Herman Nelson
Belt Drive
Propeller Fans

If you rely on the buying public for business, improved shopping conditions will result in increased patronage. If yours is an industrial plant, better working conditions will help speed up production, cut down accidents and reduce absenteeism. Maintenance of proper atmospheric conditions will cut costs if your business involves processing or storing of materials.

For the past 40 years, Herman Nelson Heating and Ventilating products have established a reputation for dependable, economical operation in thousands of installations all over America. Owners will tell you that you can't buy better products than those bearing the Herman Nelson nameplate.



**THE HERMAN NELSON
CORPORATION** MOLINE ILLINOIS

FOR 40 YEARS MANUFACTURERS OF QUALITY HEATING AND VENTILATING PRODUCTS

Surplus—What It Brought

Like most department stores, "Plain Old Gimbel's" of New York took merchandise where it found it during the war. This partial list of Gimbel items indicates that the store found plenty of variety in surplus, rejected, or used military goods:

U. S. ham radio transmitting and receiving sets	\$78.50
New Army Studebaker 2½-ton trucks	2,900.00
U. S. 1½-ton used Chevrolet trucks	1,499.00
U. S. International Harvester new 1945 truck tractors (5-ton) . . .	4,945.00
Power generators — Signal Corps	
89.95—749.70, 969.70	
Midget motorcycles (British war surplus)	188.00
Blue glass globes released by Navy sold as ivy bowls . . .	2 for 1.00
Army intercommunication sets . . .	33.00
Marine lamps . . .	1.68 to 22.22
Army infant scales . . .	6.95
Navy nurses' suits . . .	21.00
Waves' suits . . .	21.00
Navy flight deck cotton shirts . . .	1.98
Navy officers' melton coats . . .	37.50
Flannel hospital pajamas . . .	3.98
Army aviators' gloves . . .	5.00
Army saddles . . .	15.00
Navy searchlights . . .	7.98
Navy cans . . .	1.50
Navy boxes . . .	2.98

he dislikes hearing it referred to as "odd" since he regards it rather as conforming to the prime sales principle of ferreting out goods that people will buy. That attitude may indicate that Gimbel's exploration into strange merchandise is no mere wartime stopgap.

After houses, trucks, telephones, motorcycles—what next? Fred Gimbel says thoughtfully that it might be lumber.

FOOD SALES CHARTED

After surveying some 3,000 grocery and 600 food wholesalers, the Progressive Grocer has evolved the following statistics on the grocery business for 1945:

Independent grocery and combination store sales were \$10,000,000,000 (up 4% from 1944); chains sold \$4,690,000,000 (up about 1%); sales in specialty stores totaled \$3,720,000,000 (up 3%), making a national retail food bill of \$18,410,000,000.

The growth of voluntary chains and retailer-owned co-ops has been such that they now account for 47% of the independents' volume.

Among independents, 25% of stores were self-service, 48% semiself-service, only 27% counter-type. Self-service and semiself-service stores together accounted for 78% of independents' sales.

The trend toward wider lines has been notable. About 83% of inde-

dent stores now handle fresh meat; 5% sell frosted foods; 49% have drug dries; 7% have magazines; 16% sell hardware; 3% operate food lock-

Many a grocer, says the trade paper, is considering a two-price system as the result of war experience. That would give him cash-and-carry prices for those who want to buy cheaply.

Circulation Bust

Overflowing news stands turn many magazines unopened as buyers become busy. Newcomers suffer most.

The first big postwar crash in the magazine publishing business is in the making. Almost overnight the spectacular boom in news stand circulations (W-Mar. 2 '46, p70) shows signs of a let. News stand returns, which only a few weeks ago were running as low as 1 or 3%, now range all the way from 10% upwards of 80%.

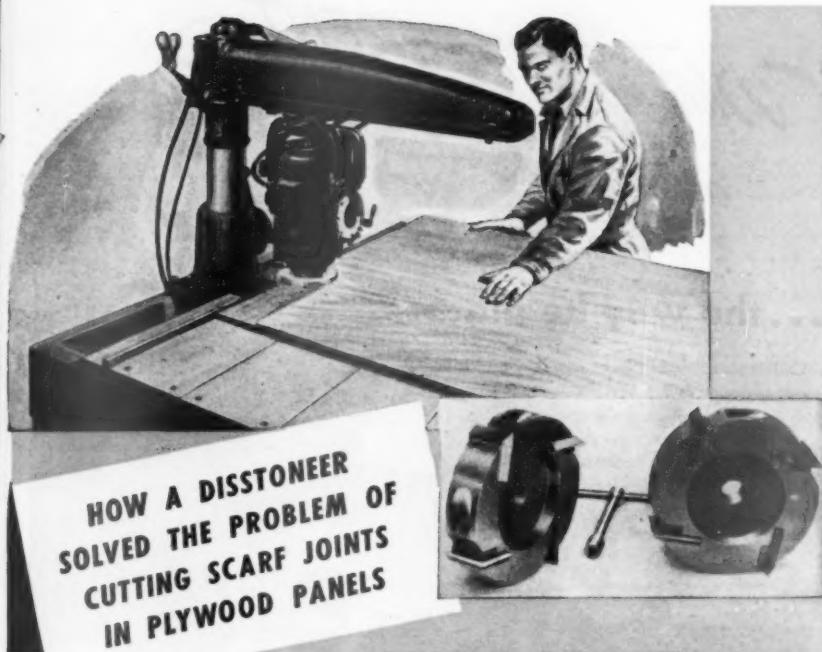
Stands Overloaded—Diagnosing the situation, publishers and distributors have come to the conclusion that the stands are being loaded beyond physical capacity and the dealers' ability to handle, with the result that a shake-down—voluntary or involuntary—is imminent.

"One wholesaler," reports the trade paper Magazine World, "had to increase his payroll \$750 per week just to add additional employees to handle returns... Between the American News and independent distributors, over 300 titles are now being shipped to dealers."

Most of the overloading is due to the flood of new publications created by some easing in the paper and print situation. Comic magazines, semisex books, and gag publications are springing up by the hundreds. Meantime, old-line publishers are increasing print orders on their regular books while often branching out into new lines.

Returned Unopened—Loaded with more paper than they can handle, news dealers irately are tossing unopened bundles under their counters for return to the wholesalers. "Premature returns" is another plague. Rather than pay mounting bills at face value, dealers frequently will return unopened packages for credit, which means that some of the newer magazines never get a proper showing to the public.

The big, established magazines so far have not been affected badly. News stand returns are higher than at the start of the year, but still less than prewar averages. There are forthcoming advertising rate increases, which are endangering, because the so-



The material was $\frac{3}{4}$ " plywood panels, 12' x 4', to be used for boat decking; the operation, the cutting of lap joints for gluing. A radial machine, using a 16" combination circular saw was being employed with unsatisfactory results, for the blade would not cut without leading off.

A Disstoneer* called in to study the problem, recommended the use of a standard Disston Philbrick Contractors Special Head, fitted with High Speed Steel knives mounted on the same machine, with motor operating vertically and head rotating in a surfacing position. This helped to hold the panel down firmly and at the same time produced a smooth, even scarf. In addition to perfect cutting, the work was speeded up... in fact, advanced far ahead of succeeding operations.

Another clear-cut case of Disston leadership



HENRY DISSTON & SONS, INC., 528 Tacony, Philadelphia 35, Pa., U.S.A.

*DISSTONEER—a man who combines the experience of Disston leadership and sound engineering knowledge, to find the right tool for you—to cut wood, to cut metal and other materials—and TO CUT YOUR COST OF PRODUCTION—not only on special work, but on ordinary jobs as well.

Your operations may not call for cutter heads and knives, but if you have a wood-cutting job requiring band saws, you will be interested in—

DISSTON NARROW BAND SAWS FOR WOOD



These dependable, long-lasting band saws are noted for their ability to withstand the severe bending strain on small machines... a characteristic due to the extra toughness of the Disston Steel of which they are made. Supplied in widths, gauges and points per inch suitable for practically every wood-cutting job on which band saws are used.

What's DIFFERENT about a Californian?

...the way he plays

Californians spend a large part of their life out of doors; and, when the weather lets them (which is nearly always), in the water. California has more private pools than the rest of the country combined—and for those unable to afford a private pool, the vast Pacific beaches beckon irresistibly.



...and the way he banks

"The California Trend"

is a fact-based forecast that will help you plan your business if your plans include California. Write Dept. AD, 300 Montgomery St., San Francisco 20, or 660 South Spring St., Los Angeles 54, for a free copy.

Nowhere else has statewide branch banking been developed to the point it has in California. Bank of America, with 493 branches in 307 of the most important communities in California, provides the combined advantages of a statewide organization with local "on-the-spot" representation. This is banking that California built... and banking that is building California.

Bank of America, a member of the Federal Reserve System and the Federal Deposit Insurance Corporation, has main offices in the two reserve cities of California—San Francisco and Los Angeles.

◀ RESOURCES OVER 5½ BILLION DOLLARS ▶

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

LONDON, ENGLAND, BRANCH: 12 NICHOLAS LANE, LONDON, E. C. 4

BLUE AND GOLD BANK OF AMERICA TRAVELERS CHEQUES ARE AVAILABLE THROUGH AUTHORIZED BANKS AND AGENCIES EVERYWHERE



TO REST AND SELL RAZORS

With no radical improvements in electric razors on the immediate horizon, Schick tempts the "new" market with its Shaverest (above). To retail at \$7.95, it's an accessory which keeps electric razors within handy reach—not in the medicine cabinet or a bureau drawer. And it fits not only the new Schick models but the old ones too. Of plastic, the Shaverest has pressure switch which turns on the current when the razor is lifted or turns it off when returned.

called "bonus" circulations are big enough to counterbalance any drop-off at the stands. However, many a publisher now feels that circulations won't zoom forever, and that the zenith is being approached.

• **Psychology Changes**—Competition for a potential reader's leisure is increasing. The end of gasoline rationing, for instance, means more time spent monitoring, hence fewer minutes available for reading.

And a buyer's psychology changes when enough goods are available. During the wartime magazine drought, buying at news stands was panicky. Now is getting back to its old, choosy self.

Magazine distributors think that the weaker newcomers will be shaken out in a couple of months, and that the overloading will thereby end of its own accord. Hence the distributors probably won't take any unified action to end it right now.

• **Getting Prepared**—Just to be sure they won't suffer in the current crash, some old-line publishers already are beginning to set up new publications.



ORS OP RUNG

ents in getting the right things into the right packages has paid off for Don G. Mitchell, new president of Sylvania Electric Products, Inc. Mitchell has been instrumental in American Can's successful drive to get milk into paper containers and beer into cans, Pepsi-Cola's use of easy-to-carry six-bottle containers, and Sylvania's adoption of "Handy-5-Pack" for light bulbs. At 41, he takes over the reins at Sylvania from Walter E. Poor, who becomes chairman of the board.

are beginning to dust off their prewar subscription drives. That's a costly way to add old circulation and gain new readers, but insurance in the present unstable situation looks attractive to many publisher, even if the price is high. Other significant magazine news of the week:

Curtis Publishing Co. reported that increased operating costs were responsible for a drop in net profit from \$1,036,000 in the first quarter of 1945 to \$647,000 in the first quarter of 1946. To offset mounting costs, Curtis is boosting the subscription price of the Saturday Evening Post from \$4 to \$5 per year. The single-copy price stays at 10¢. Beginning next month, the single-copy price of Ladies Home Journal (also Curtis) jumps from 15¢ to 25¢, while the subscription price moves upward from \$2 to \$3.

Advertising revenue continues to boom. For all magazines measured by publishers' Information Bureau, the increase in pages in the first three months of this year as against last is 12%; increase in advertising revenue is 18%.



Typical PATENT NOVELTY CO. Products using Keystone Wire

The Wire
Always Wins...

KEYSTONE
wire
in
PATENT NOVELTY CO. Products

Keystone wire finds its way into an impressive line of hardware specialties and novelties . . . made by the Patent Novelty Company of Fulton, Illinois.

Due to the variety of items manufactured by Patent Novelty, a wide range of gauges, analyses, and finishes of wire are required . . . all normally available through Keystone.

"Wire that meets your exacting requirements" has long been a part of Keystone service, along with uniform quality and honest value.

KEYSTONE STEEL & WIRE CO.
PEORIA 7, ILLINOIS



Special Analysis Wire
for All Industrial
Uses

Coppered, Tinned,
Annealed,
Galvanized

PACKAGED Units of Power



Decentralize Air Supply WITH WAYNE AUXILIARY COMPRESSORS

If YOUR old central Air Compressor needs extensive repairing or replacement, or if you are building a new plant, it will pay you to investigate the Wayne plan of Decentralizing Air Supply with smaller units placed in departments

needing air. The many advantages of this plan are fully described in the booklet illustrated at left.

These smaller compressors spotted wherever needed, offer real protection against production stoppage due to lack of air and save the cost of operating your big central compressor when only a few departments work overtime. They also provide air at any pressure needed for special work. It will pay you to write for booklet and complete line catalog today.



for your protection

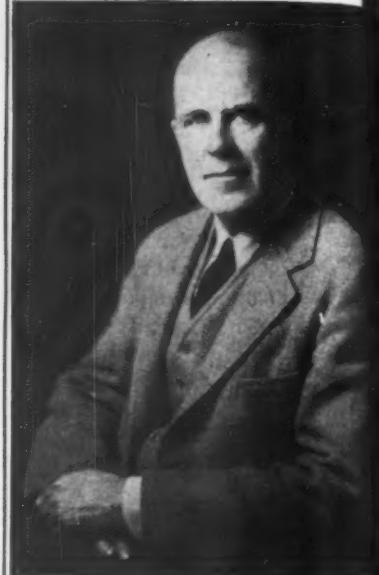
Industrial Division
THE WAYNE PUMP CO.
FORT WAYNE 4, INDIANA

Wayne AIR COMPRESSORS

Cheese for Lease

Wisconsin's independent cheese makers sign short-term contracts with big firms to safeguard supply of milk, avoid price trouble.

Shotgun marriages between Wisconsin's traditionally independent cheese makers and processors like Kraft, Pabst, and Swift are being consummated at such a clip that already more than one-third of the cheeseries have been leased by the big companies. Two weeks ago 350 of the 1,476 cheese factories in Wisconsin (No. 1 cheese state) had signed their facilities over to the major



TO ADVISE AND FORMULATE

To help it formulate its public service projects, the Advertising Council has chosen a broad advisory committee headed by Evans Clark (above), executive director of the Twentieth Century Fund. The other members include: William L. Batt, SKF president; Mrs. Olive Clapper, publicist; Kermit Eby, C.I.O. research director; Chester Davis, president, Federal Reserve Bank of St. Louis; Clarence Francis, General Foods chairman; Dr. George Gallup, director, American Institute of Public Opinion; Dr. Alan Gregg, Rockefeller Foundation; Miss Helen Hall, Henry Street Settlement; Paul Hoffman, Studebaker president; A. E. Lyon, Railway Labor Executive Assn.; and Eugene Meyer, publisher of the Washington Post.

Here's Where ATLAS Enters the Picture



1. Zapon-Keratol fabrics. 2. Darco activated carbon used in water purification. 3. Atlas textile finishes. 4. Darco activated carbon used in refining sugar. 5. Zapon metal finishes. 6. Emulsifiers in paint. 7. Explosives used in lumber industry.

THERE is hardly a home, plant or office today where Atlas products are not in evidence. That's because Atlas is more than a leading maker of commercial explosives—it is also a manufacturer of finishes, coated fabrics, chemicals and other materials that contribute greatly to American living.

Atlas technicians have acquired enormous ex-

perience in the development and manufacture of these products. They have worked out industrial processes that, quite possibly, can be profitably applied to your business. They have improved the salability of many commodities—with a "know how" that is also available to you. Is there some technical problem in your business that is hard to solve? Our technical representatives will be glad to help you find the answer.



ATLAS

POWDER COMPANY
WILMINGTON 99, DELAWARE
Offices in Principal Cities

Industrial Explosives • Industrial Finishes • Coated Fabrics • Acids
Activated Carbons • Industrial Chemicals



Great Names on Distinctive Products
are Perpetuated in
ERIE RESISTOR
CUSTOM MOLDED
"Three Dimensional" Plastics



YOUR trade-mark or trade name on your product may be only a means of identification. If it is custom molded of ERIE RESISTOR "Three Dimensional" plastics, it becomes a spot of beauty, that brings your symbol to the attention of the buyer with the sparkle of a rich jewel, and enhances the sales appeal and the sales value of your product.



There is a depth of color in Erie Resistor "Three Dimensional" plastics that is unobtainable by any other molding method. Lettering or designs stand out in strong relief from a colored background, in gold, silver, crystal or any color in the rainbow, forever protected from fading or erasure.

If it's plastics, your inquiry for a name plate, a package, a functional part of your product will have our immediate and full attention, and the execution of your order will be in the hands of imaginative designers, skilled engineers, and experienced workmen.



Plastics Division
ERIE RESISTOR CORP., ERIE, PA.
LONDON, ENGLAND TORONTO, CANADA

Now—the profit tool you've been waiting for!
—a practical guide to
money-making, cost-saving
**MANAGEMENT
PRACTICE AND CONTROL**



Contains 43 check lists, including
What to Think About Before You Start a Business
What to Think About When You Liquidate or Merge a Business
What to Study If You Are Buying Another Business
How to Organize for Good Employee Relations
How to Finance Current Operations If a Bank Loan Is Not Admisible
How to Design an Efficient Cost System
How to Control Salesmen's Expenses
How to Budget for Profit
How to Collect Delinquent Accounts
How to Check Your Insurance
How to Cut Your Printing, Paper, and Engraving Costs
How to Design Your Business Forms
How to Save Office Cost or Other Expenses and Avoid Waste

BUSINESS EXECUTIVE'S GUIDE

By J. K. Lasser, CPA in N.Y., N.J. and Calif.;
Chairman, Institute of Federal Taxation, NYU.
252 pages, \$3.00

Covers a wide range of large and small problems that have a vital effect on your profits. Includes check lists on many management concerns, from those involved in setting-up, buying or selling a business, to the "what-to-do" of filing, buying, printing, or collecting an account—carefully compiled to relieve the business man of reliance on his memory or hunches—freeing his time, effort and imagination for devotion to more creative aspects of his business.

McGraw-Hill Book Co., 330 W. 42 St., New York 18
Send me Lasser's Business Executive's Guide for 10 days examination on approval. In 10 days I will send \$3.00 plus few cents postage, or return book postpaid. (Postage paid on cash orders.)

Name _____

Address _____

City and State _____

Company _____

Position _____ BW-5-11-46

For Canadian prices write Embassy Book Co.,
12 Richmond St. E., Toronto 1

**FOR 10 DAYS'
FREE EXAMINATION
Mail coupon today**



IN THE BAG

Cudahy Packing Co. last week began a one-month market test in Joliet, Ill., of its "Delrich" margarine in the new plastic wrapper developed by Visking Corp., Chicago, to permit easier home coloring of the spread (BW—Apr. 13 '46, p64). After the margarine softens, the color capsule inside (above) is broken, then kneaded (below) into the margarine without opening the wrapper. Visking contends the package not only is convenient but also saves time and cut waste. And the margarine industry hopes it may also increase consumer acceptance of its product.

grated giants. Now the figure has soared to over 600.

• Milk Supply Assured—The increasing black market activities in cheese—especially since meat is in short supply—is prompting the big fellows to seek their sources. For their part, the cheese makers usually feel that it's safer to lease their facilities to Kraft, Borden et al. than risk illegalities. Under the leasing arrangements, the independents get some of the profits of integration and generally are assured an adequate milk supply because the big concern can pay handsomely for it.

But the independents are wailing nevertheless. The big companies concentrate on processed cheese—a blend of cheddar, with pasteurization incidental to the blending. Processed cheese requires no aging and can be stored with



IT'S THE TRUCKER'S TIRE!...

Kelly hasn't worked with the trucking industry from the very beginning for nothing. Kelly knows what truckers want and how to give it to them . . .

Extra ruggedness and dependability!

The New Kelly illustrates this well: product of the latest in materials and methods, it's cooler-running—has a specially reinforced rayon car-

cass—a tread that compresses rubber instead of stretching it.

But most important is Kelly's oldest feature—the quality that results from over 50 years of tire craftsmanship—extra skill, extra care all through the manufacturing process!

That's what enables Kelly to "take it" long after other tires have given up.

THE KELLY-SPRINGFIELD TIRE CO.
Cumberland, Maryland

Fleet Records show "Kellys are Tough."

**KELLY QUALITY COSTS LESS
PER MILE!**

KELLY
Springfield
TIRES



Venturi Tubes for steam ejecting

Among the equipment needed in the construction of a chemical plant were several Venturi tubes of acid-resistant metal. Ampco Metal, Inc. made the body of Ampco Grade 15 sheet, the flange of Ampco Grade 16 (centrifugally cast), welded them with Ampco-Trode 10, and machined the flange surface... all in one plant... for a highly satisfactory corrosion-resistant assembly.



**Longer life, lower cost on
complex units for processing
corrosive substances**

— completely fabricated by Ampco Metal, Inc.
from corrosion-resistant aluminum bronze

By combining castings, forgings, sheets, extruded and machined parts of Ampco Metal, and Ampco-Trode welding electrodes, the Ampco organization can deliver a finished assembly that is uniformly resistant to corrosion and other destructive forces.

The various grades of Ampco Metal and Ampco-Trode are engineered alloys, specifically designed for certain conditions and held within close limits

by rigid quality control. They offer exceptional resistance to corrosion, erosion, abrasion, and cavitation — to impact and fatigue — giving you parts or complete units that stand up under difficult conditions.

Ask our engineers and production specialists to help you adapt fabricated assemblies to your requirements. Send us your prints for suggestions.

Write for bulletins.



Department BW-5

Ampco Field Offices in Principal Cities

Milwaukee 4, Wisconsin

A-28

Ampco Metal, Inc.

out refrigeration. As a production centive, it was given the best of all cheese ceilings.

• **Natural Preferred**—The independents would rather market natural cheese, especially since they now have a "till-less" process in which Pliofilm, aluminum foil, and similar wrappings are away with the customary rind and make small consumer-sized packages possible (BW—Feb. 16 '46, p32). But natural cheese requires aging and commands relatively unfavorable price ceiling. This situation, say the independents, is driving them into the arms of the processors.

Furthermore, noting that the leases now being signed are for short terms or have a 30-day cancellation clause, spokesmen for the independents feel that the big companies may thereby be prepared to abandon processed cheese (basic patents to which have expired) and swing to packaged natural cheese with a speed that will leave the less-well organized independents far behind.

Processors discount this, though they admit that "there is some future" in packaged natural cheese.

• **Big Investment**—They point out that their stake in processed cheese is too great to make a radical switch feasible. The public at first was reluctant to accept the processed variety, making heavy advertising and merchandising campaigns necessary. Now that processed cheese has caught on, say the big companies, there's no sense junking the investment, especially when natural cheese has less favorable ceilings.

Auto Credit Test

Ford goes to court for a showdown on consent decree of 1938 which curbs company and its finance company affiliates.

Affiliation of automobile manufacturers and finance companies, subject to lengthy court fights in the late thirties, is again a live issue. The federal court in South Bend, Ind., where most of the dispute was centered, is considering a motion by the Ford Motor Co. and its finance companies asking removal of the limitations imposed on them by a consent decree signed eight years ago.

The motion traces the history of the cases, which began when the government filed criminal indictments against Ford, General Motors, and Chrysler, alleging that their finance company affiliations were in restraint of trade.

• **Enjoined by Decree**—On May 27, 1938, a consent decree was signed by Ford, Commercial Investment Trust Corp., Universal Credit Corp., and four other finance company affiliates. This decree enjoined Ford from recommend-

A New Plant Built to YOUR order without a Penny Down



...then leased you for as
little as 1% of its cost!...



This fact-packed, illustrated brochure shows you how to cash in on this—and many other opportunities offered only by

PUERTO RICO, U.S.A.



PUERTO RICO, U. S. A. This U. S. Territory stands in the center of Caribbean trade, almost equidistant from North and South America. By air, it is 10½ hours from New York, 6 hours from Venezuela, 36 hours from Rio de Janeiro. Direct steamer connection to principal U. S. ports.

No Cure-All, but a Wonderful Opportunity for the Right Company!

Situated midway between North and South America, at the crossroads of Caribbean commerce, Puerto Rico lies in a most strategic position from which to serve the limitless demands of the United States. The great and growing calls of South America. And the needs of Puerto Rico, itself—which already buys more per capita from the United States than any other country in the Western Hemisphere, save Canada, alone. Of course, Puerto Rico isn't a cure-all for every industrial difficulty—but, to the right sort of concern, it does offer economic advantages you can find nowhere else on American

soil. Advantages so many, so important, and so fundamental that you may well find that the reading of *Industrial Opportunities in Puerto Rico, U. S. A.* will prove worth thousands of dollars a page to you! So let this fascinatingly interesting book, with its 48 pages of photographs, facts and figures tell you the full story. The coupon below brings it to you free—and without obligation of any kind.

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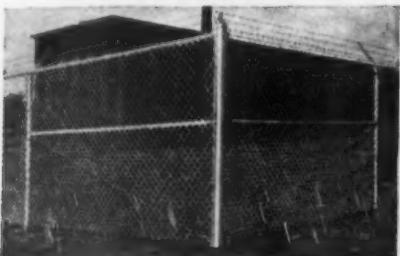
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ing, indorsing, or advertising financing plans or finance companies, and from persuading dealers to use certain plans or companies for financing cars. Chrysler and Commercial Credit Corp. signed a similar decree.

General Motors and its subsidiary, General Motors Acceptance Corp., elected to fight. They were found guilty in 1939 (BW-Nov. 25'39,p15), and the verdict was reaffirmed in 1941 (BW-Oct. 18'41,p28). Rehearing was later denied (BW-Nov. 15'41,p8).

- Civil Suit—In the meantime, the government filed a civil suit in the northern Illinois federal court, seeking to divorce G.M. and G.M.A.C. under the antitrust laws. The company answered in 1942, but the Ford petition sets forth that no trial has occurred, and that the issues involved are still pending.

Meanwhile, Ford and Chrysler have extended the consent decree period by successive year-to-year signings, the last of which expired Jan. 1. The petition sets forth that the government now seeks a new extension to Jan. 1, 1947.

Ford claims it is entitled to relief on two counts. First, the consent decree states that a number of its provisos shall be automatically suspended on furnishing of proof that they are not being imposed on General Motors. Second, it is claimed that if G.M. is not required to divest itself of ownership of G.M.A.C., then terms of the consent decree are not binding.

- Changed Situation—The limitations of the decrees signed by Ford, Chrysler, and the finance companies were of no moment during the war, when car financing was all but eliminated. Today, however, with auto sales starting up again, Ford takes the position that its competitive position is impaired if it must operate under the agreed terms while G.M. does not.

American Scotch

That designation is allowed by Illinois commission, after blindfold test, but in interstate commerce it's Scotch-type.

Devotees of Scotch whisky were momentarily shocked when they heard this week that in an Illinois blindfold test, experts were unable to distinguish accurately between Scotch-type whisky and the imported article. They felt better when more complete returns came in.

The test was made by the Illinois Liquor Control Commission which, as a result of it, agreed to let distillers refer to certain potations as "American Scotch," although if such whisky moves in interstate commerce it must be called Scotch-type under federal regulations.

- About 50-50—Eleven volunteers submitted enthusiastically to the ordeal. Given drinks of real Scotch and drink of the American blend, they guessed right about half the time. Only one (an editor) was 100% right.

Doubts were cast on the scientific value of the experiment by insiders. They claim that the Illinois commission is putting over the American Scotch delineation for home-state reasons.

- Competitive Aspect—Peoria is a center of whisky blending. Hiram Walker & Sons, Inc., a power in Peoria, market Old Plaid, one of the four Scotch-type whiskies which have national distribution, and one of its sister companies is the Hiram Walker-Gooderham & Worts amalgamation which distributes Royal Banquet. A third national brand is King's Treasure, which is produced and blended by Norman W. Hanak.



In Chicago, blindfold experts weigh the problem: It's nice but is it Scotch?

Los Angeles; it claims to have Internal Revenue Dept. sanction for its self-signation as "America's Largest Selling Scotch-Type Whisky." A fourth is King James, made by American Distilling Co.

Other brands of Scotch-type whisky are bottled by wholesalers who buy the whisky in bulk and sell it under their own labels.

Getting the Flavor—Generally, producers of Scotch-type whisky get the flavor by drying barley malt with peat smoke (the process that gives imported Scotch its smoky taste), but most of the kick comes from the alcohol that is added. Reason for all the maneuvers is the fight in Scotch production and imports (BW-Feb. 9 '46, p21). Normally about 3,200,000 cases of Scotch are imported yearly. Because of restrictions Britain, imports have fallen to about 600,000. Stocks used to be around 1,000,000 cases. Inventories have shrunk to a whisper, possibly 100,000 cases.

All the More Alluring—Growing demand for Scotch plus grain restrictions on all types of distillations in this country make schemes aimed at capitalizing on the name all the more alluring. Other distillers may follow Walker's lead; Schenley is reportedly planning to when the grain situation clears up.

Observers predict that there is at least a six-year market ahead for Scotch-type Scotch. Some see even more of a future for the domestic version on the basis of price, since it retails from \$4 to about \$4.40 a fifth (New York City prices) compared with ceilings (now only theoretical) of \$5.04 to \$7.43 for imported Scotch.

S.

American Broadcasting Co. is purchasing—subject to Federal Communications Commission approval—the King Bendle Broadcasting Corp. of Michigan for \$3,650,000. This will give ABC a wholly owned key station in Detroit (WXYZ) as well as control of the nine-station Michigan Network. Radio station WOOD, Grand Rapids, included in the deal, will be resold by ABC, however, because the radio law does not allow a network to own a station in an area where competition is limited.

A.P.W. Paper Co. need not abandon its Red Cross trademark, the Supreme Court has ruled, thereby nullifying an earlier Federal Trade Commission order (BW-Oct. 15 '45, p98). Although advertisers generally may not use the Red Cross symbol, it appears that those whose mark antedated the relief institution do not have to make a switch. But Justice Douglas suggested that FTC could require the addition of qualifying language showing that the American National Red Cross was not sponsoring or endorsing the product.

CAN YOU GUESS THE ANSWERS?



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2. How many wrecks are towed in every year?

More than 2,000,000 auto wrecks are towed in to garages every year. Acco's Manley Division has produced a new Wrecking Crane which picks up and tows in these wrecks most efficiently. The Manley Division also makes a whole line of equipment which facilitates the service and repair of automobiles and trucks.



3. How many dairy cows in the United States?



The answer is more than 26,000,000. During a single year Acco's American Chain Division makes millions of feet of one type of chain which goes into cow-ties for the farms of America. This is but one of the multitude of uses for American Chain.

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HOUSING CAN COST TOO MUCH

Everyone in the United States wants our people, and particularly our war veterans, well housed quickly. Almost everyone, we believe, likes the vigor and imagination with which Wilson W. Wyatt, the housing expediter, is going about the job of mobilizing our housing resources.

No one, however, wants the veterans, or anyone else, to get a lot of severe economic headaches along with the housing. As it stands, the emergency housing program runs unnecessary risks of having such results.

Here are the reasons:

1. The principal opportunity the program offers to the veteran is that of buying a high-cost house where a chance to rent would, more often than not, meet his needs much better.

2. At the worst possible time, the program adds substantially to the dangers of a runaway inflation of the sort that inevitably ends in a crash.

3. Little is done to try to reduce the arbitrarily high costs of building, such as those resulting from restrictions imposed by labor unions and antiquated building codes.

4. By giving overriding priorities to unattainable goals of home construction, the program endangers a volume of industrial construction necessary to sustain full employment.

Needs of Veterans

First on the needs of the veterans. What many, if not most, veterans need is a chance to rent a place at a reasonable rental while they are getting shaken down in their postwar careers which in many cases are inevitably unsettled at this time. Essentially, what the "Veterans Emergency Housing Program" gives them is a chance to buy, for about \$6,000, a house built along conventional lines and padded with much unnecessary labor and material cost.

But what are the alternatives? There are at least two. One is to put far more emphasis on more effective use of existing housing than the Wyatt program has thus far. The other is to see that the proportion of new rental units is much stepped up.

Incredible as it may seem, there are at present more than 2,000,000 vacant dwellings in the United States. Many of them should be demolished. But many permit of relatively satisfactory temporary use. Many more single dwellings can readily be converted into comfortable multiple dwellings. The emergency program assumes that only 350,000 dwelling units can be provided this year by these

expedients, but it does not seem unreasonable to assume that this figure might be doubled by a vigorous drive. The result would be a better balanced emergency housing program, because it would provide more rental housing immediately and save critical building materials.

Of the new housing units contemplated by the Wyatt program, it is estimated that only about 20 per cent will be for rent. Before the war more than half of the homes in the United States were rented. That means that unless the Wyatt program is to create little less than a revolution in the terms on which homes are occupied, it must be revised to include a much higher proportion of rental units.

To secure the result in the face of present high building costs special inducements will be required. They might be provided by allowing accelerated tax amortization of, say, half the construction cost over the next five years, together with rent ceilings high enough to make this form of investment attractive. This would, of course, call for higher rents, but the actual price to the veteran, in woe as well as money, might well be much less in the long run than if he bought an over-priced house now.

Too Easy To Pay Too Much

One of the mysteries of the Wyatt program is its general emphasis on measures to increase the supply of money with which to buy houses when the demand for houses is already at an all-time high. Some veterans may need special financial help, but the plan to give 90-95 per cent mortgages generally on new homes is not only unnecessary but positively dangerous. By providing up to \$3.5 billion of government-guaranteed credit for homes this year, and almost twice as much in 1947, the program will release an equivalent amount of individual savings to create further demand for goods and services. All that such generous mortgage terms will accomplish with certainty is a dangerous lengthening of the odds that we will not avoid a boom-and-bust cycle of inflation.

If building codes were brought up to date and arbitrary union working restrictions were eliminated, the way would be paved for reductions in the price of standard houses which, it has been estimated, might run as much as 20 per cent. This would both give the buyer of a new house a far better run for his money, and also reduce the inflationary pressure created by the super-generous credit arrangements involved.

Getting anything done along this line is difficult, particularly because the restrictions are imposed by tens of thousands of separate localities and organizations. Some headway is being made. The local emergency housing committees being set up under the Wyatt program provide a means of doing much more. Far more steam must be put behind this aspect of the program, however, if its greatest potentiality for permanently constructive accomplishment is to be realized.

Crippling Essential Industrial Production

The goals set for emergency housing construction — 200,000 new homes started this year and 1,500,000 started in 1947 — are higher than any qualified authority thinks can be met without crippling other essential construction. The reasons commonly assigned for such optimistic goals are that they are inspiring to those in the industry and soothing to those who want something tremendous done about housing.

Under normal circumstances, relatively little damage might be done by such excessive goals which are a common feature of most Washington programs trying to elbow their way to the center of the national stage. However, the emergency housing program carries with it top priorities for the materials to be used. Consequently, other essential construction will have to get along on whatever share of critical building materials will be left after all demands of home builders have been satisfied.

The Civilian Production Administration estimates that output of important materials will fall far short of needs. It forecasts a 15 per cent deficit in lumber, 18 per cent in bricks, and 52 per cent in cast iron radiators. Hence, unless building materials output can be stepped up far more rapidly than now seems possible, a prohibitive squeeze will put on industrial building to provide the materials needed for the Wyatt program. This would complicate bearably the problems of sustaining full employment and getting the flow of production so important in avoiding the boom and bust route.

Perspective on the Housing Shortage

What is needed is an aggressive drive to get full production of building materials as rapidly as possible. Such a drive should concentrate on measures aimed at helping the industry remove the obstacles to all-out production rather than on such measures as the subsidy plan which seems quite likely to succeed only in enmeshing the industry in more government controls. After making due allowance for the materials outlook and the needs for essential non-housing construction, housing goals should then be set as high as feasible. As matters stand, by setting construction goals before feasible material goals are determined, the cart is put before the horse.

There can be no doubt about the acuteness of the hous-

ing shortage and the necessity of a program commensurate with the magnitude of the problem. It also remains true, however, that the housing shortage for the nation as a whole is not quite as desperate as those who want the country to drop everything and go to building houses would have us believe.

During the war 3½ to 4 million new dwelling units were built or created by remodeling in other than farm areas. The number of families living in such areas increased by less than 3½ million. Even though some of this housing was located in remote places as an adjunct of war production works, the wartime increase permitted a margin for more housing per family at this time. Indeed, it has been estimated that the rate of doubling up is only about one-third as great as in 1940. The margin did not begin to suffice, however, to meet the needs of those millions of people particularly in the lower income groups who, thanks to rapid increases in income, can afford to have and insist upon having better housing than they have ever had before.

A rising standard of income which makes possible a new standard of housing for many people is a fine thing. Above all, it is important to see the veterans get the best possible break in housing.

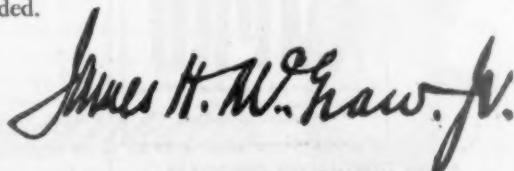
But Housing Can Cost Too Much

The Wyatt program has many good features. The emphasis on prefabrication, though perhaps over-optimistic, is hopefully modern. The emphasis on local collaboration in solving housing problems which are inevitably in large part local should lead to permanently valuable results. The vigorous mobilizing of 300,000 temporary dwellings to meet at high speed some of the most desperate shortage is all to the good.

The main trouble with the program is that it does not pay enough attention to the economic havoc which may be created in the process of trying to meet its excessive goals. As a nation, we should be and are willing to pay a high price to get adequate housing. But the price will be too high if we:

1. Give the veteran a bad bargain by selling him an over-priced house.
2. Cripple industrial production needed to create good jobs for veterans, and
3. Touch off a disastrous inflationary sequence in the process.

These pitfalls can be avoided. All of us, including the veterans, have a common interest in seeing that they are avoided.



President, McGraw-Hill Publishing Co., Inc.

LABOR

FEPC Ends Its Hectic Career

With funds cut off by Congress, fair employment group shuts up shop. Exhaustive report on discrimination may be made later, but creation of a successor agency seems unlikely.

One of the government's most controversial wartime agencies—the Fair Employment Practice Committee—ended a harried existence last week after a Senate and House conference committee eliminated from an appropriation bill provisions for a final \$26,700 liquidation fund designed to wind up FEPC by June 30.

• **Halts Work on Report**—As a result, the agency's remaining 20 employees (at one time there were 150) under Malcolm Ross, director, halted work on the agency's final and exhaustive report on discrimination in employment, due May 15, and started clearing desks. The report, which reveals a sharp decline in the employment of Negro workers since the end of the war, still is expected to be delivered to President Truman—with copies to strengthen the congressional fight of those seeking to set up a permanent Fair Employment Practices Commission.

The stage was set for FEPC's demise nearly a year ago, and the agency's work—opening all employment opportunities to Negroes and other minority group members—was sharply limited when funds were cut in half last summer (BW-Jul. 21 '45, p98). Several months later (BW-Nov. 24 '45, p93) FEPC's budget was so near depletion that its activities had to be trimmed again by elimination of seven of ten branch offices. Only Detroit, St. Louis, and Chicago work went on, and that did not survive long after the year ended.

• **Legislation Unlikely**—Despite FEPC's rescue from termination early this year when President Truman issued an executive order extending its life until midyear, the agency had been moribund. Virtually its only new activity—and its motivating objective—was compilation of the report to the President on discrimination practices and the necessity for curbing them by national law.

There is little likelihood, however, that federal action will be forthcoming this year, because of the filibuster by southern Democrats which successfully tied up the Senate (BW-Apr. 13 '46, p7) once and would again.

Pending in both Senate and House are companion bills which would create a Fair Employment Practices Commission modeled after the National Labor



PIVOT POINT

With his customary cigar, John Lewis—surrounded by U.M.W. wage policy committee in Washington—was far and away the outstanding man of the week as the paralyzing effects of the coal strike slowed industrial activity of the nation to a danger point (page 15). At midweek the big question in both business circles and the White House was: How much tighter could Lewis pull the string before something snapped?

Relations Board, with power to issue and desist orders, enforceable in courts.

The commission would be charged with preventing (1) discrimination in employment on account of race, color, creed, religion, national origin, or ancestry by any private employer, and (2) discrimination in membership by a labor union. The bills also would make

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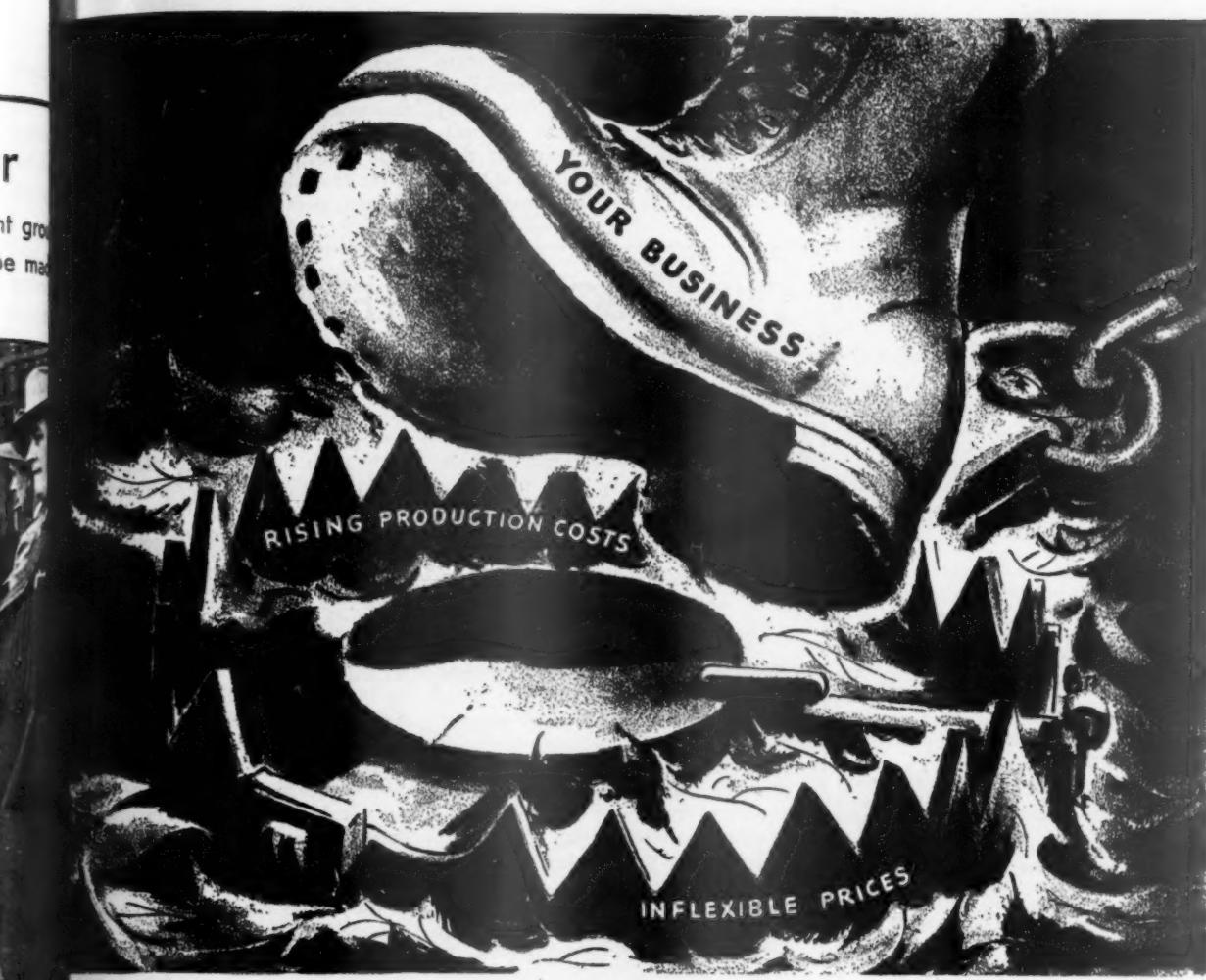


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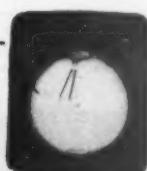
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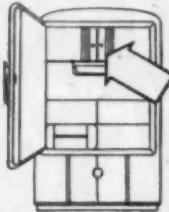
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antidiscrimination clauses mandatory in all contracts with the government.

• **Board Criticized**—Meanwhile, state antidiscrimination laws in New York and New Jersey (BW-Jan. 30 '45, p94) came under some criticism as inadequate. Typical was a complaint that New York's eight-month-old Ives-Quinn antidiscrimination act had had little

effect on increasing the number Negroes employed in New York department stores.

Generally, the criticism was that few cases of discrimination ever reached the ears of the New York board, so that it was proceeding too cautiously those that did. The board admitted in part, pointing out that it was be-

THE LABOR ANGLE

Change?

Collective bargaining, as it has come to be understood, will be dealt a blow so stunning that its whole form will have to change if C.I.O.'s United Auto Workers Union is successful in putting over its latest announced objective of treating wages as a completely separate issue in contract negotiations.

The only solid basis on which union-management bargaining rests is give-and-take. A contract is written to guarantee an uninterrupted application of productive labor (which the union gives in the form of a no-strike clause) in return for terms and conditions of employment meeting the union's idea of acceptability (which the employer gives in the form of increased wages and other concessions). The union's bargaining strength, in the final analysis, rests on its control of the employer's labor force, on its ability to withhold labor—that is, to strike—until it can get terms of employment that it considers satisfactory. The employer's bargaining strength rests, also in the final analysis, on his control of the payroll.

Consequently, if a union refuses to trade demands on other issues for wage concessions, the only important source of bargaining strength that the employer has is cut off. What U.A.W. obviously wants is to make a firm wage deal first, then take up other demands like union security, seniority, work standards, etc. With the wage question settled, there is no real foundation left for give-and-take.

In some ways, what U.A.W. says it's going after represents the gravest threat to genuine collective bargaining that has appeared in years.

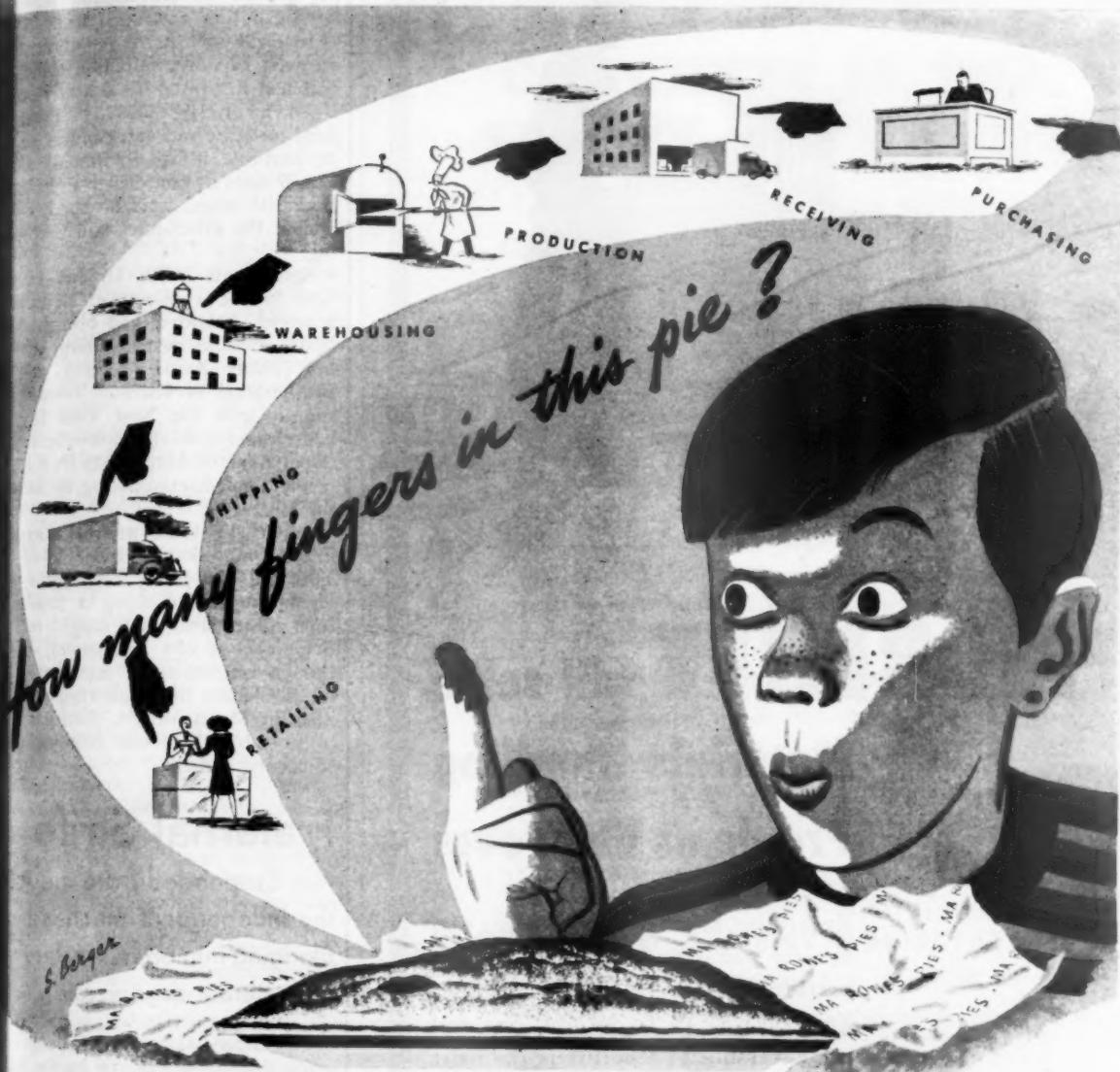
Browder

Earl Browder was deposed as head of the U.S. Communist movement when the party line swerved from the "class collaboration" policy with

which he had been associated and reverted to a more revolutionary position. He has been damned in the party press in the terms of extreme vilification which Communists direct at apostates. His successor, William Z. Foster, turning the party back on the road to revolution, has introduced some policies which have already had an effect on the labor front in making the Communist-controlled unions more militant. Foster may have gone too far, however, in demanding that every Communist declare himself openly. Highly placed Communists in the labor movement, and in other circles as well, are fearful that such revelations will make their positions shaky. Browder also is persuaded that this would be bad business, would cost the party important influence. One of the things he hopes to do in his mission to Moscow, which has stirred up much speculation in labor circles over whether he can rehabilitate himself sufficiently in the eyes of the Kremlin to make a comeback here, is to plead the case of secretly Communist U.S. labor leaders and get Foster overruled, thus tarnishing his old rival's prestige.

Reemployment

The effect of a strike on the time limit a veteran has within which he can apply for and get his old job back is a question that, like so many in the field of veteran rights, will ultimately be settled by the courts. But, in the meantime, the prevalence of strikes in the period of mass demobilization has made the question one which requires an immediate decision from many employers. For their guidance, an arbitrator's award involving Western Union may be helpful in foreshadowing eventual judicial opinion. That award provides that a veteran whose 90-day reinstatement period ends while a strike is in progress preserves his claim to his old job until the strike ends.



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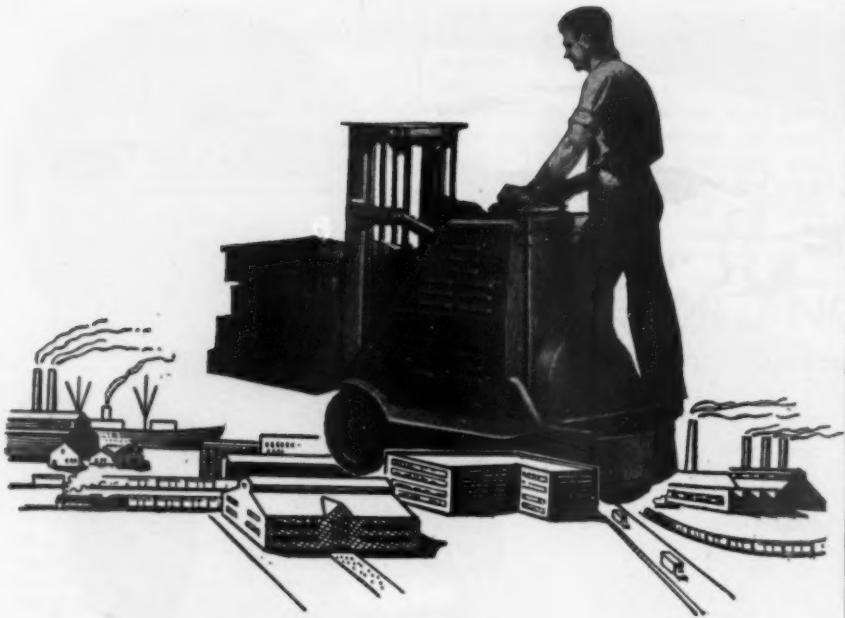
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be combined into one? What about costs, and could they be lowered? These are questions Uarco can answer and save you money while seeing that routine operations give you complete, accurate control over work from planning to final selling.

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ing ground for antidiscrimination administration and must move slow

In eight months, it reported, it received 240 discrimination complaints and had instituted 79 others based on its own investigations. Without need for cease and desist orders, or public hearings, it had "adjusted" a total of 109 cases by conference and conciliation; 103 others were dropped or withdrawn; the other cases still were pending.

• **Agreements With Unions**—In addition to the employment adjustments achieved, it said it had brought about bylaw revisions by two unions—the Airline Pilots Assn. (A.F.L.) and the Brotherhood of Railway Trainmen to comply with the New York law, and had cleared a third union—the International Assn. of Machinists (A.F.L., suspended)—of discriminating in memberships.

Elsewhere, there was little apparent interest in following the lead of New York and New Jersey. The Pennsylvania legislature turned down a similar (one subsequently was sought in Philadelphia as a city ordinance), and though watered-down versions of anti-discrimination proposals reached assemblies in Massachusetts, Kentucky, and other states, there was little inclination to act upon them.

Fraternal Strife

Suspended from the A.F.L., the independent machinists are plunging into open warfare with their parent organization.

Operating as a quasi-independent union since its suspension by the A.F.L., the International Assn. of Machinists has widened its rift with its former parent organization by doing some aggressive organizing in A.F.L. fields. This has invited A.F.L. reprisals—poaching I.A.M.'s far-flung jurisdiction—which, while not yet serious, cast doubt on how long the machinists will find it wise to go it alone.

But with fine impartiality, the expansion-minded machinists aren't sidestepping any competition with C.I.O. associates, and earlier rumors that the I.A.M. was headed into the industrial union camp have died down.

• **Held in Trust**—Shortly after the machinists were suspended by A.F.L. over nonpayment of the union's per capita tax to the federation, I.A.M.'s jealous guarded jurisdiction was virtually thrown open by A.F.L.'s Metal Trades Dept., with which the machinists had been affiliated. The department authorized its councils to set up, or recognize, federal unions of machinists in places where

ing Metal Trades Council contracts. A.F.L.'s instructions said the federal unions would be held in trust for I.A.M. to be turned over "if and when problems with the A.F.L. Executive Council are settled."

I.A.M. tagged this a "raiding campaign," and promised to "take whatever action seems necessary to protect and preserve" its ranks.

Now the war of words has become one of action. I.A.M. asked for collective bargaining rights for 24 classifications of machinists in the A.O. Smith Corp. plant at Milwaukee, Wis., including 2,000 men in an A.F.L. federal union. The latter countered with a demand for an industrial-type election which would cover all of the 6,000 workers in the Smith plant. Top A.F.L. officials backed the demands of the federal union.

General Conflict—The Milwaukee machinist was only one of a number of simultaneous disputes that were keeping I.A.M. occupied on scattered fronts. In Buffalo, N.Y., where a part of the former Curtiss-Wright plant (in which I.A.M. had jurisdiction) has been taken over by the Twin Coach Co., I.A.M. organizing work will be opposed by the United Mine Workers' District 50 (A.F.L.) and possibly the A.F.L. Ironworkers, favored union of the Buffalo A.F.L. council. C.I.O.'s automobile workers, old I.A.M. rival, also is in the running. I.A.M. is preparing to challenge C.I.O.'s electrical workers for jurisdiction in another former Curtiss-Wright plant being taken over by Westinghouse.

Meanwhile, A.F.L.'s International Brotherhood of Teamsters announced intention to charter locals of garage mechanics as protection against an "outside, independent organization." I.A.M., with garage workers under its charter coverage, didn't need any spelling out of the teamsters' plans.

More Dissidents—I.A.M. accepted the challenge, protesting again against the A.F.L. dismemberment campaign and the federation's refusal of "fair play and justice" to the machinists. Significantly, it made pointed reference to its "temporary suspension." But the bitterness of words against A.F.L. left wide open the question of I.A.M.'s future.

Similarly goaded by A.F.L.'s support of its stronger Printing Pressmen's union in a jurisdictional dispute with the Amalgamated Lithographers of America; the latter withdrew from A.F.L. and last week took its 20,000 per cent members into C.I.O. And another former A.F.L. union, the Brewery Workers, now independent, is preparing to ballot for affiliation with C.I.O. (BW-1346, p83) rather than return to A.F.L. and have its jurisdiction divided among carpenters, teamsters, and other A.F.L. affiliates.

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...Light-Color Gives High Visibility
...Gritty Surface is Skid-Resistant, Wet or Dry!

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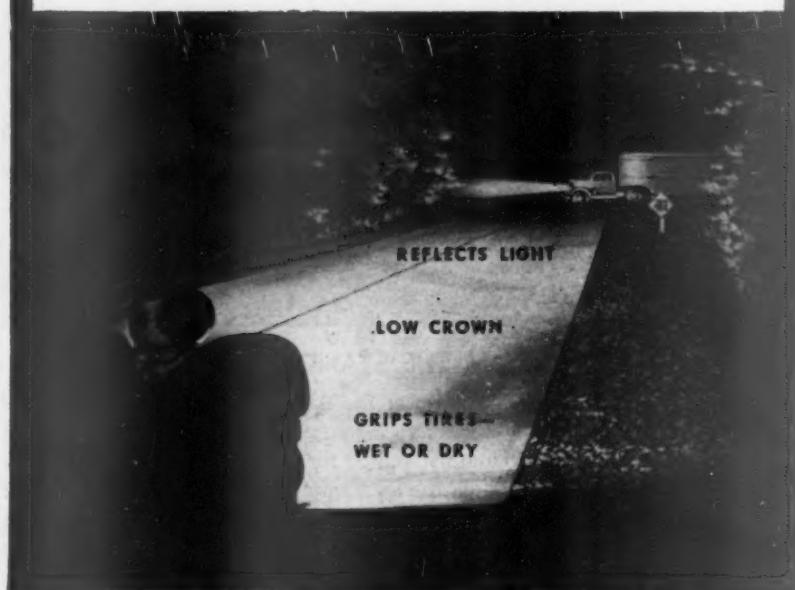
- (1) Its light-colored matte surface reflects light without glare, increases visibility and reduces night driving fatigue.
- (2) Its flat crown makes full width of road usable and discourages "center line huggers".
- (3) It has high skid resistance, wet or dry; the gritty-textured surface is "geared to your tires" for safe, quick stops.

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Video Ban Hit

NBC attacks Petrillo's orders as retarding television. Networks are forced to emphasize nonmusical programs.

James C. Petrillo's recent double-barreled ukase reaffirming a ban against televised performances by his American Federation of Musicians (A.F.L.) and forbidding use of musical motion pictures for broadcasts (BW—May 4 '46, p86) this week drew new indignant charges from radio interests that Petrillo now is retarding development and practical application of television.

Perhaps unwittingly, A.F.M. had stepped into the middle of the feud between the Columbia Broadcasting System, advocate of delaying television until high-frequency color video is ready, and the Radio Corp. of America, which wants to go ahead with black-and-white broadcasts (BW—Feb. 9 '46, p16). The bars against televised music—raised early in 1945 and now newly tightened—strengthen CBS' hand in its play for time, are going to force a new showdown between Petrillo and those with black-and-white television patents and equipment ready for the market.

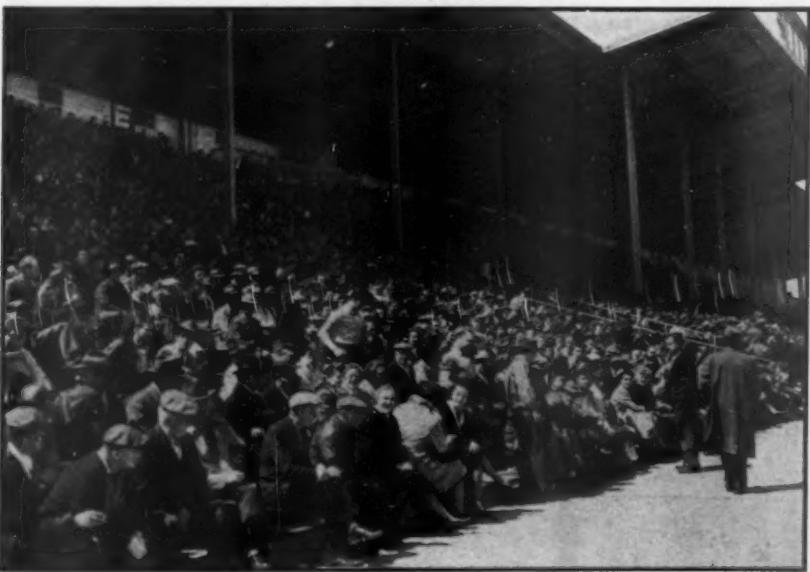
• **Equipment Ready Soon—Opening guns were fired by John F. Royal, vice-**

president in charge of television for the National Broadcasting Co., who announced that "television is too important in our lives to be retarded for very long." Royal promised that within a few months equipment would be on dealers' shelves and television would be a reality for the general public.

To this end, NBC has pushed ahead its plans for programs of broad interest which will require no music. It signed a contract with the 20th Century Sporting Club for an exclusive television broadcast of the Joe Louis-Billy Conn world's championship heavyweight boxing match on June 19.

• **Chevrolet Contract—The American Broadcasting Co. one day before Petrillo's new order had signed with General Motors' Chevrolet Division for a new series of commercial television broadcasts employing live (nonmusical) talent, Chevrolet sales promotional films, and recorded music—permitted by A.F.M. since recordings are covered by a special royalty plan. ABC said all of its contracts were drawn with Petrillo's restrictions in mind, hence are unaffected.**

But there was general agreement that broadcasting without live music is bound to find a cool reception when the public installs receiving sets. Broadcasting companies' main hope now is that before that time comes, Petrillo will substitute negotiable dollar-and-cents demands for present outright refusals to let musicians work on television.



CALLING A STRIKE FROM THE STANDS

Thousands of U.A.W.-C.I.O. workers at the Allis-Chalmers Mfg. Co.'s main Milwaukee plant marched last week to a fairgrounds to jam the grandstand (above) while they listened to oratory, waited for turns to vote—8,095 to 251—for a walkout. Their decision raised the total number of Allis-Chalmers strikers to 20,000 in seven of eight plants. No wage issue is at stake. Major points in dispute are whether maintenance of membership is to be continued, whether the union is to have a voice in setting piece and incentive rates.

Dixie Battlefield

C.I.O. and A.F.L. drive to organize the South will be importantly on own destiny and on region's political future

Congress of Industrial Organization officials prepared this week to set motion a highly publicized organizing campaign to recruit 1,500,000 southern workers for C.I.O. within the next year. Their enthusiasm was bolstered by dozen preliminary skirmishes which this week resulted in C.I.O. victories over more than 4,000 members.

Meanwhile, American Federation of Labor southern representatives were assembling in Asheville, N. C., to work out with national officers strategy for an A.F.L. drive to enroll 1,000,000 organized workers in twelve southern states.

• **Objectives—The double-barreled attack against the sparsely unionized South ostensibly is designed to build total union strength, slumping now from wartime highs, and to bring about sweeping social and economic alterations which will end the low-pay status of southern industry.**

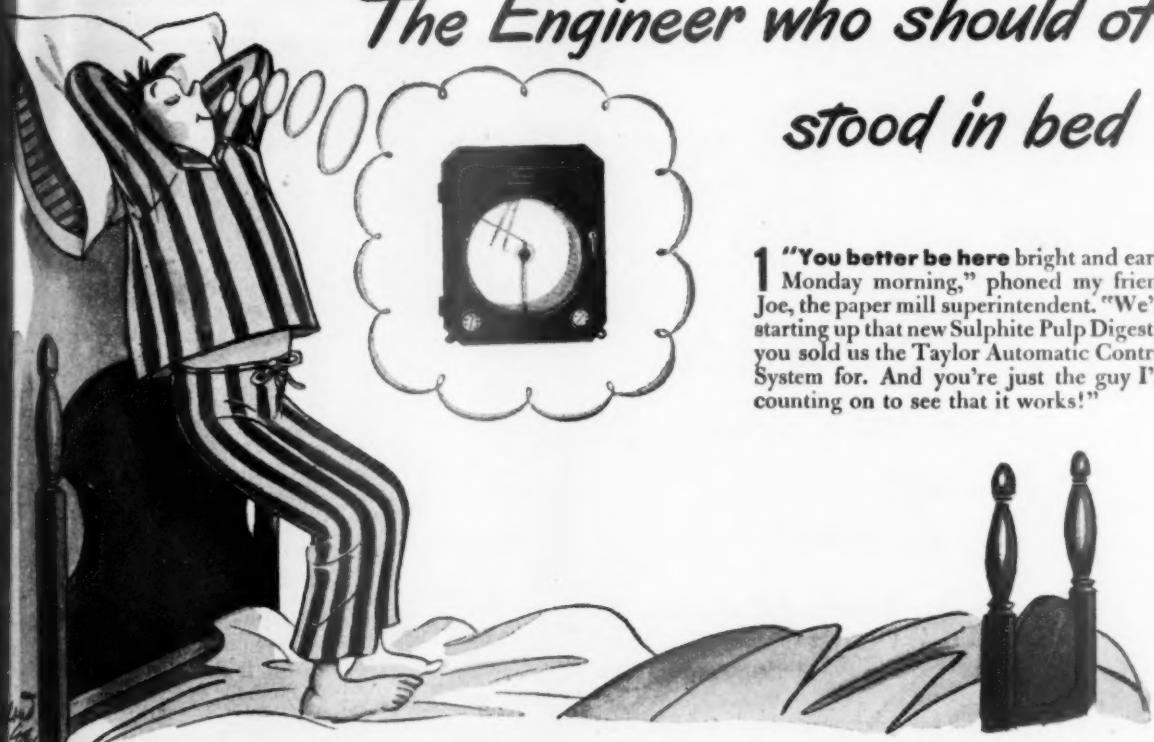
Actually, both C.I.O. and A.F.L. objectives are, more immediately, political rather than economic. The unions hold that if the Southern Democratic Party's predominantly antilabor influence can be eliminated or reduced to a negligible influence, labor's security from congressional attack will be given strong support, and its own broad economic program will stand a better chance for passage.

• **A Political Test—That is the real desire of C.I.O.—which will translate membership gains into augmented Political Action Committee work in the South (BW—Apr. 27 '46, p92)—and the A.F.L. Although the federation traditionally disavows an active role in politics, its southern regional director, George L. Googe, made clear that the A.F.L. is "determined to see to it that in the future the South is properly represented in the halls of Congress."**

Thus the rival drives to organize the South's 5,000,000 unorganized workers (of a total 7,000,000) are as essential a test of strength against a 70-year-old political setup as they are one against industrial management. Hence it is not sufficient to view current campaigns merely as a repetition, in a new location, of C.I.O.'s 1936-37 drives in the North.

• **Stronger—The unions are launching their current campaigns with much more in their favor than labor had in 1936-37. Total membership now is about 14,000,000, more than three times labor's strength in its last major**

The Engineer who should of stood in bed



As you may guess, I am a Taylor Field Engineer, and used to being put on the spot. So I got there both early and bright. But like the late fight manager Joe Jacobs, "I should of stood in bed." Outside of a few minor adjustments, the whole system worked like a charm!



If you'd rather go fishing (and who wouldn't?), you'll go hook, line and sinker for the Taylor Fisher-Barometer that tells when fish are biting. It really does! And speaking of barometers, a Taylor Stormoguide will tip off your household to changeable spring weather.

1 "You better be here bright and early Monday morning," phoned my friend Joe, the paper mill superintendent. "We're starting up that new Sulphite Pulp Digester you sold us the Taylor Automatic Control System for. And you're just the guy I'm counting on to see that it works!"

3 There's a moral in this for you whether you make paper or plastics, soft drinks or sausages, ice cream or tires. With Taylor Accuracy doing the job automatically, you can stay in bed and not worry about teaching green operators all the things you've spent a lifetime learning.



5 And with spring colds bursting out all over, it's smart to have a Taylor Fever Thermometer to tell you when to call the doctor. Ask for the Taylor Binoc (pronounced Buy-Noc). It's three times easier to read! Taylor Instrument Companies, Rochester, N. Y. and Toronto, Canada.

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CONTAINERS FOR GASES, LIQUIDS AND SOLIDS

campaign. Treasuries are swollen; prestige is high after broad gains won wages and working conditions; and importantly, there is much less thought management that unions can be crushed out of existence.

As a result, there is little probability of any large-scale recurrence of bloodshed which has characterized labor wars. The hard fight against unionization is going to be waged within the framework of the National Labor Relations (Wagner) Act, which restrains employers from interfering with organizational work among their employees.

- **Defiance Unlikely**—Management in many instances will make use of friendly officials, state courts, and civic organizations (BW-Apr. 27 '46, p 94), in effort to stretch its rights under the act as far as possible, but it is unlikely that employers will defy the act.

Welcome mats will not be out organizers, but neither will armed vigilante squads. The fight will be no worse than labor has experienced—or is experiencing—in other sections of the country.

- **Too Tame?**—Thus, while C.I.O., particularly, doesn't put a quietus on management officials' talk of tar-and-feathers ahead, top leaders will be surprised if they occur. Privately, they express concern over the possibility that the campaign may be so routine and livened by militant action that the present high-pitched enthusiasm over the drive may suffer.

Greatest conflict so far engendered in the South by C.I.O.'s drive plans completely bypassed management, has involved, instead, such strange bedfellows as Rep. John Rankin of Mississippi, one of those listed high in last Southern Democrat purge list, and A.F.L.'s President William Green. He attacked C.I.O.'s campaign as Communist-inspired, and urged its termination.

- **Bittner Will Lead**—C.I.O. enters campaign with more than \$1,000,000 earmarked specifically for southern organizing, and with an ace organizing personnel—headed by Van A. Bittner, assistant to Philip Murray in the United Steelworkers—assigned to the job. C.I.O. has been quiet about its present southern membership, probably can claim more than a half-million at tops, including some 80,000 in textiles, 75,000 in the men's clothing industry, 75,000 in oil refining, and varying strengths in steel, shipbuilding, food and meat processing and packing, lumber and woodworking, furniture, and chemicals.

To spearhead its drive, C.I.O. is hiring 200 special organizers, with preference to veterans and southern workers; in all, probably 400 organizers will be in the field for C.I.O. alone.

- **A.F.L.'s Position**—The A.F.L., which claims it originated the plan for a southern drive during the war but delayed

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modern looms—as well as spinning
names, and other textile machinery—

11.



WHEN THE LOOM CAME OUT OF THE KITCHEN

Weaving, as a household industry, was brought to an end in 1814 when Francis Cabot Lowell designed the first American power loom at Waltham, Massachusetts. With his brother-in-law and a friend, Lowell opened a mill where, for the first time in history, all the processes for converting cotton fiber into cloth were performed within the walls of one building by power... and the mill is still in operation. Modern looms—as well as spinning names, and other textile machinery—

are, of course, equipped with anti-friction bearings. Many of these are made by **SKF**. For **SKF** originated the self-aligning ball bearing, widely used in the textile industry, and has pioneered many developments in this important industrial field during the last 30 years.

Since **SKF** makes so many types of ball and roller bearings, an **SKF** engineer can give you expert help in selecting

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Union Metal engineers are convinced that employees can realize greater personal gain, permanently, only through increased man-hour efficiency.

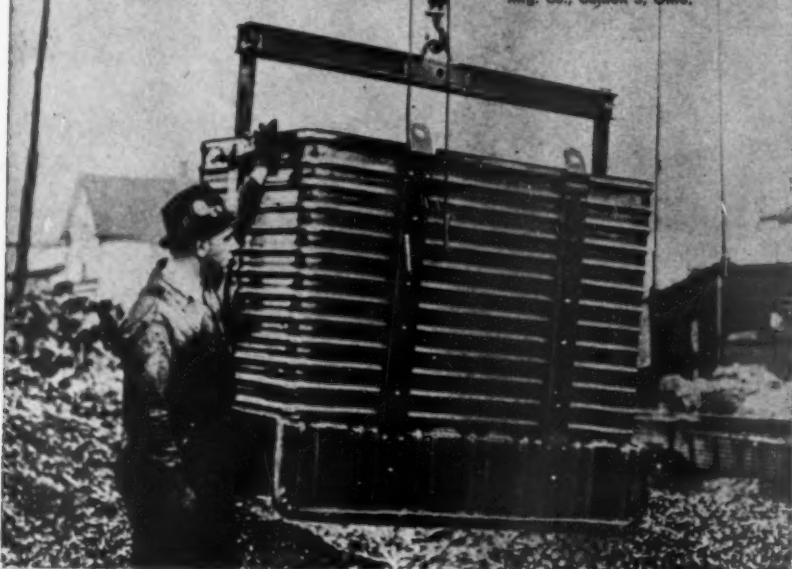
To this purpose, Union Metal products—from floodlighting equipment to foundation piling—are designed to help the worker do a better job, more quickly and with less effort.

Such increased product efficiency, gained through 40 years of specialization in the fabrication of steel, also provides

Greater profit for management

EXAMPLE: Union Metal skids, boxes and pallets for materials handling. These lightweight, sturdy "tools" are engineered to do an age-old job in a new, modern, work-saving way. They speed production by permitting all kinds of materials to be moved quickly, easily and safely in unit loads. Costs are reduced—efficiency increased.

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UNION METAL
Craftsmen in Steel Fabrication

until a peacetime year, already has southern membership of 1,800,000 more than 8,600 local unions in the state federations.

It can claim, too, a gain from 000 in the same area a decade (BW-Mar. 2'46, p82) to support its intention that 300 organizers and approximate \$500,000-a-year budget southern recruitment have been best results. The budget is doubled for current drive, but there will be no addition to the permanent man organizing staff.

- Scope of Drive—Much of A.F.L.'s strength in the South is in building and metal trades, utility paper pulp and lumber, printing other crafts, and bus and railroad transportation. Its objectives are men in the service trades, and among white collar workers, woodworkers, telephone workers (A.F.L. in competition with T.W.U.A. has trailed far behind C.I.O. in gains), and chemical workers.

Although actually an affiliate A.F.L., District 50 of John L. Lewis United Mine Workers already stepped up an independently direct organizing job in the South, where challenging T.W.U.A. at American Viscose plants and is pressing to go ahead of C.I.O.'s union in the paper and chemical industry.

The International Assn. of Machinists (A.F.L., suspended) is undertaking broader organizational work below Mason-Dixon line; the International Federation of Telephone Workers already has made significant gains in telephone changes and American Telephone Telegraph long lines departments; railroad brotherhoods, expecting large scale expansion of railroad crews engaged in maintenance and new installation crews, are outlining plans to expand their memberships.

- Communist Angle—Under the general wave to organize southern workers a quiet but well-defined campaign by Communist Party, and its various laboring organizations, which C.I.O., in particular, worried. In past, suspicion of Communist influence in the labor movement has been a drawback to extension of labor members gains in the South, and that suspicion has been directed principally against C.I.O. That is why, when southern organizing plans were laid, campaign leadership was given to known anti-Communists. It is why Bittner saw fit to slap Communist wrists for offering organizing aid, and why Emil Rauh, T.W.U.A. president, went all out against the Soviet in a recent convention address (BW-May 4'46, p76).

Even so, the Communist issue is two things that in the southern workers mind are linked closely with it—the permanent Fair Employment Practice Committee drive and the demand

PAY ROLL
MASTER

GODCHAUX SUGARS, INC.
PAY ROLL

Page 56

ATMOS Raceland Factory

FROM 8-5-45 TO 8-18-45

CLOCK NO.	NAME & S. S. NO.	HOURS FOR BE PAID	WAGE PER HOUR	OTHER ALREADY PAID	PERIOD ENDING	F.I.C.	H.D.C.	PAID	CHECK NO.
21	James Harris	48 40 62 40	8-18-45	42-- 370 5808	2785	1 80	8-18-45	42-- 370 5808	2785
22	John Smith	44 56 82 50	8-18-45	43-- 1230 6937	2786	2 80	8-18-45	43-- 1230 6937	2786
23	Allen Roberts	49 40 94 95	8-18-45	45 890 625 7885	2787	3 80	8-18-45	45 890 625 7885	2787
24	Alex Mitchell	40 44 62 40	8-18-45	45 750 390 5365	2788	4 80	8-18-45	45 750 390 5365	2788

SUGARS, INC.
RACELAND

PAYROLL SUMMARY

CLOCK NO.	NAME & S. S. NO.	HOURS FOR BE PAID	WAGE PER HOUR	OTHER ALREADY PAID	PERIOD ENDING	F.I.C.	H.D.C.	PAID	CHECK NO.
21	James Harris	48 40 62 40	8-18-45	42-- 370 5808	2785	1 80	8-18-45	42-- 370 5808	2785
22	John Smith	44 56 82 50	8-18-45	43-- 1230 6937	2786	2 80	8-18-45	43-- 1230 6937	2786
23	Allen Roberts	49 40 94 95	8-18-45	45 890 625 7885	2787	3 80	8-18-45	45 890 625 7885	2787
24	Alex Mitchell	40 44 62 40	8-18-45	45 750 390 5365	2788	4 80	8-18-45	45 750 390 5365	2788

GODCHAUX SUGARS, INC.
EMPLOYEE EARNINGS RECORD

CLOCK NO. 21 NAME JAMES HARRIS

DATE EMPLOYED 1/3/44

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CLOCK NO. NAME & S. S. NO.

21 James Harris

James Harris

PAY TO THE ORDER
OF THE ABOVE

NOT VALID IF DRAWN

PAY CHECK
TO THE
RACELAND BANK & TRUST CO.
RAE 235
RACELAND, LA.

John Smith

PAY TO THE ORDER
OF THE ABOVE

NOT VALID IF DRAWN

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TO THE
RACELAND BANK & TRUST CO.
RAE 235
RACELAND, LA.

Allen Roberts

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RAE 235

RACELAND, LA.

Alex Mitchell

PAY TO THE ORDER
OF THE ABOVE

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EARNINGS STATEMENT

EARNINGS STATEMENT

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5. Automatic heat
6. Properly placed heat
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Joseph J. Cheney
President

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19 HOWARD ST. N.Y. BUFFALO 6, N.Y.

enfranchisement of the Negro for elections—are the biggest stumbling blocks ahead for C.I.O.

• **Soft-Pedal?**—Southern C.I.O. field workers are urging that drive leaders soft-pedal the union's espousement of FEPC and Negro voting rights until the campaign ball is rolling well to avoid giving impetus to the more-reserved, rival A.F.L. campaign. So far, the pleas have fallen on deaf ears.

C.I.O. is gambling that its position on those controversial issues will win out, because the union's primary goal—the P.A.C.'s extension of political influence in the South—makes it vital that C.I.O. not backtrack.

It is a big gamble, for if C.I.O. fails to win on the field it has chosen for battle, its leaders say that, conservatively, it will have suffered at least a ten-year setback.

READY TO FISH AGAIN

Boston's fishing fleet, idle for five months in a labor dispute (BW-Jan. 26 '46, p97), stood ready this week to return to fishing waters. Terms of a new agreement between owners and the Atlantic Fishermen's Union (A.F.L.) awaited only the ratification by union members of what amounted to at least a temporary surrender by owners on practically all points in dispute.

The union won its demand for a 60% share for crew members in the gross earnings from fishing trips, advanced from a 50% share. It also retained the right to engage in slowdowns or work stoppages whenever an oversupply of fish in Boston forces prices down, thus lowering crews' lay (share) in ship earnings below what the union considers an acceptable minimum.

Owners were brought into line with the union position by the U.S. Conciliation Service, on a formula which would get fishing ships back into operation on the union's financial terms, but which would leave other formal contract provisions to subsequent negotiation.

The idea is that with a first-quarter deficit of 26,000,000 lb. of fish to be made up, and increasing foreign competition to be warded off, owners and fishermen are going to be busy for months to come. The old bugaboos of the \$30,000,000 Boston fishing industry—such as standby pay and the "price, quality, and quantity" issue—are unlikely to rise to complicate contract discussions.

MARITIME UNITY CHARTED

Left-wing maritime unions assembled in a merger convention in San Francisco this week (BW-Apr. 6 '46, p94) wasted no time in asserting their unity of thought on one subject—uniform strike action. Their strikes may not begin si-

multaneously, but all intend to hold until common demands have been settled.

Three of the seven unions have voted to strike. These are the International Longshoremen's & Warehousemen's Union, National Union of Marine Cooks & Stewards, and Marine Firemen Oliers, Watertenders & Wipers. The others, the National Maritime Union and the American Communication Assn., are conducting strike polls.

By their approval of the principle of joint strike action, the other two indicated readiness to fall in line. They are the Marine Engineers Beneficial Assn. and the Inland Boatmen's Union. All are C.I.O. affiliates except the Marine Firemen's Union, which is independent.

Promoters of the merger, including the I.L.W.U.'s Harry Bridges and Joseph Curran, president of the N.M.U., contemplate a national organization of some 200,000 seagoing and landbased maritime workers within the framework of the C.I.O., each retaining its identity and autonomy.

Bridges' West Coast longshoremen postponed strike plans several weeks ago to permit a government fact-finding board to study their contract dispute with waterfront employers. Undeclared reports persist that, if employers don't give Bridges what he wants, despite fact-finders' recommendation, he will pull out the plug on May 17.

AIRLINE STRIKE AVERTED

A threatened strike by 1,000 Transcontinental & Western Air pilots and copilots was canceled "temporarily" by the Air Line Pilots Assn. (A.L.P.A.) midweek, shortly after President Truman intervened by appointing an emergency fact-finding board under terms of the Railway Labor Act. His action "froze" the dispute until issues (BW-Apr. 20 '46, p96) can be reviewed by the board.

The order, recommended by the National Mediation Board which had been handling the dispute, drew immediate fire from the union by not limiting its study to the TWA case. Instead, coverage was extended to 13 major airlines which face similar A.L.P.A. demands. The union objected to this as "illegal procedure because only TWA is not in dispute" with its pilots.

The union is demanding more pay and shorter working hours for pilots flying new four-engined planes. Because TWA had been the first to use the planes, A.L.P.A. had limited its test demands and threats to that line. TWA, backed by all other major lines, insisted on industry-wide bargaining. Union tempers flared because the intervention order in effect acceded to the line's position on this.

THE INTERNATIONAL OUTLOOK

BUSINESS WEEK
MAY 11, 1946



Washington this week threatens to precipitate a world economic crisis of the first order.

Despite Administration backing, an increasingly unruly Congress threatens to sabotage the \$3,750,000,000 British loan.

With it, almost inevitably, would go the whole international program for postwar rehabilitation and world collaboration.

Congressional opposition to the loan was expected, but until last week, not in sufficient volume to threaten its passage.

Recently, opposition isolationists have been joined importantly by representatives (1) who want to use the loan as a lever to secure permanent bases around the world, and (2) who are influenced by the mounting pressure of Communist-led city groups which have long been anti-British.

Despite their traditional fear of tariff concessions expected to go with the loan, few farm groups have shifted to the opposition.

Out-and-out rejection of the loan by both Senate and House is not expected now.

Rather, the measure is likely to be sidetracked during the next two months, after which all of Capitol Hill is determined to head for home in order to campaign for the unusually important fall elections.

This means that, unless the measure is passed in the next few weeks, it cannot again get a solid booking on the legislative calendar until the new Congress assembles early in 1947.

Fear of responsible leaders, both in the economic and in the political field, is that any such delay would also sabotage the entire Bretton Woods financial program.

London is already precariously short of gold and foreign exchange.

The British have predicated their full participation in the World Bank and Fund on the assumption that immediate relief totaling \$5,000,000,000 (\$3,750,000,000 from the U. S. and \$1,250,000,000 from Canada) would be assured before the end of 1946.

If London, as well as Moscow, were to remain outside the Bretton Woods program, the plan could not function.

Alarming indications of the alternatives which will face U. S. business if this basic program of economic rehabilitation fails to pass are already visible.

The Soviet Union has created a network of bilateral barter agreements with eastern Europe. So far, they are largely short-term arrangements, and they do not completely exclude other customers.

If the present world drift toward intense nationalism continues, Moscow inevitably will make permanent and enlarged trade deals with all its satellites.

Britain, likewise, is laying plans to meet any emergency.

Despite opposition from almost all business quarters, the Labor government is continuing its plan to handle on a centralized basis the purchase of all raw cotton.

Government-appointed agents have recently departed for New Orleans

THE INTERNATIONAL OUTLOOK (Continued)

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where they immediately will set up an official cotton purchasing headquarters to handle all American requirements.

Similar arrangements for centralized buying of numerous other commodities almost certainly will be established if no loan is provided by Washington.

Beyond this, despite present bitter criticism from such parts of the Empire as India, the whole pattern of Empire trade preference is almost certain to revive and be intensified, with Australia and New Zealand eagerly participating.

Canadians, significantly, have warned that they will only reluctantly join in any such program because of the restriction it almost certainly would place on important war-born industries.

As a result of the recent unfavorable turn of events, don't look for any early conference on trade agreements.

Both in Washington and in London, tariff specialists continue to compile statistics and debate potential tariff concessions.

Actually, all heart has gone out of the program and work will come to a standstill if the loan is stalled.

Canada this week abandoned one of the bargaining points it has expected to use in its trade discussions with Washington.

The Ottawa cabinet, after long consideration, has refused to consider a resumption of the trucking-in-bond privilege extended during the war to U. S. trucking companies so they could save gasoline and rubber by using the southern Ontario highways for a shortcut in their hauls from Detroit to Niagara Falls.

The cabinet's decision removes one of the bargaining points Canadian negotiators might have used in dickering with Washington for simplification of customs procedure along the border.

British industry continues to book huge exports, though sales in many cases are being made at the expense of domestic consumers.

Railway equipment orders valued at \$20,000,000 have just been received from New Zealand.

Included in the new business are 3,000 ten-ton freight cars, 40 electric trains, and 26 diesel electric trains.

All freight cars are to be delivered next year, but the electric trains over a much longer period.

Despite the opinion of experts that both Switzerland and the U. S. have gas turbines superior to the British (BW—Apr. 13'45, p107), Rolls Royce has just beat manufacturers from other countries by concluding a licensing agreement with the Chinese government for the manufacture of gas turbines and jets in China.

The agreement involves the supply of parts and complete engines, and equipment for the new Chinese factories.

Chinese engineers are already training in Rolls Royce's British plants, and a corps of British engineers will leave soon for China to install the new equipment.

BUSINESS ABROAD

Germany: A Year of Defeat

Lack of central control impedes economic recovery in the divided Reich. Unless other European nations take Germany's place producing heavy goods, Allied plans may prove unworkable.

Many former U. S. Army men now seated at business desks saw Germany down in chaotic defeat a year ago. They recall a breakdown in day-to-day life so complete that any substantial recovery seemed highly improbable. Then Allied leaders meeting at Potsdam set economic policy for Germany's future. In substance, their decision was that (1) the German economy should never again support a military threat to its neighbors and that (2) German industry should be curtailed, with part of it transferred to the victors and the rest put to work on civilian goods. After ten months it is possible to see the stock of the practical application of this policy.

four Germanies—Zones of occupation established originally on the premise of operation have tended to become economic units in themselves. And only after months of vigorous debate has a compromise led to an agreement on the future capacity of specific German industries that may limit industrial output as a whole to three-fourths of 1936 volume.

These developments have had a profound effect on the average German. Not in addition, they have influenced the welfare of Germany's neighbors, and they will continue to do so in the future. **Basic Problem: Food**—The average German is not so well off today as he was a year ago: He possesses less clothing, he has less food, and he is not producing full replacements. To an increasing extent his energy is focused on getting enough to eat. Food everywhere is scarcer than it was six months ago, and rations have been lowered by one-third to one-fourth in all zones save the Soviet.

Basic rations today must be supplemented by black market purchases. The result is a consumption that varies widely. Zonal averages for the normal nonfarm consumer look something like this (figures in calories per day):

Basic Ration Consumption

S. zone . . .	1275	1600
British zone . . .	1050-1200	1300-1500
American zone . . .	1030	1400
French zone . . .	750-1500	1400

Grain Imported—Even to maintain a low consumption, each of the west-

ern zones now must bid for grain imports against other needy and more deserving countries. Food in Italy and certain sections of Poland, for example, is even shorter than in Germany. The British estimate that they must ship 150,000 tons monthly to their zone, while the U. S. currently is moving 50,000 tons a month into its area. Consumption in the Russian zone, however, is relatively stable at its present level, although Poland was handed much of the German breadbasket in the East.

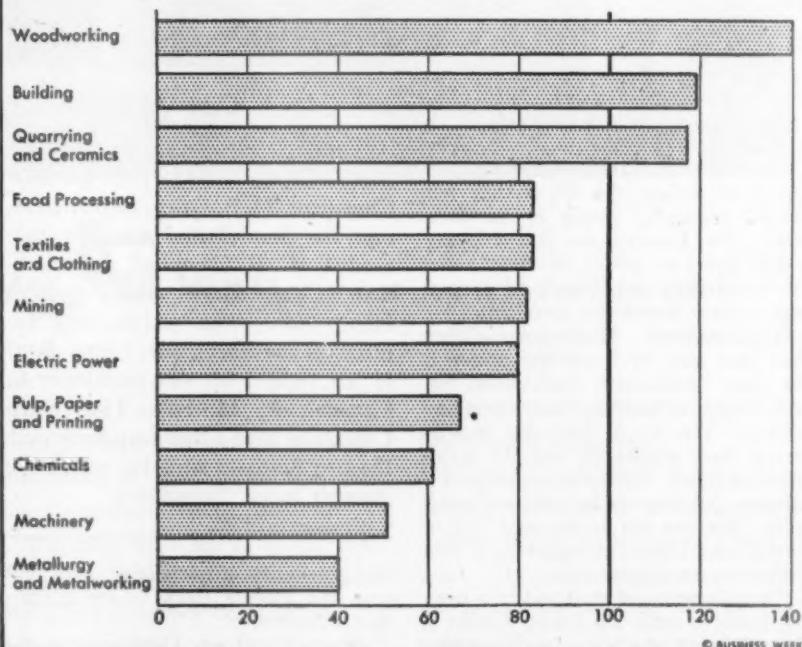
Shortage of food affects industrial output. When rations recently were cut in the British zone, output of coal fell 20%—miners were scouring the coun-

tryside for supplementary foodstuffs. • **Industrial Recovery Slow**—Industry in many areas continues to be flat on its back. And this is not simply the result of Allied bombing, for the U. S. strategic bomb survey revealed that a large proportion of Germany's equipment either escaped unhurt or could easily be put in working order.

Industrial activity in Germany as a whole rests at about one-fourth of the prewar level. But recovery in the Soviet and British zones has moved ahead more speedily than in areas controlled by the U. S. and France. Output is perhaps 35% of the prewar volume in eastern and northwestern Germany as compared with 15% to 20% in the South.

• **Materials Lacking**—The problem everywhere boils down largely to a lack of raw materials or other supplies. Many lie in neighboring zones, but there is no adequate machinery for getting them. Other materials—textile fibers are an example—must be imported from abroad. The obvious immediate remedy is to step up output of such key raw materials as coal and steel in the British-controlled Ruhr while establishing centralized administrative agencies to facilitate interzonal trade. The French for-

BLUEPRINT FOR GERMAN INDUSTRY
1949 capacity as a percent of 1936 output



Allied Control Council plans call for a revolution in the structure of German industry by 1949. Capacity in metal and metalworking industries, for example, is to be limited to 40% of 1936 production. Excess equipment will be tagged for reparations. Industries possessing no military significance are encouraged to expand. But capacity for industry as a whole probably will permit a total production equal to only three-fourths of that in 1936. Many Germans will have to take to the land if they are to escape unemployment.

months have blocked action on the latter, and the British have been unable to accomplish the former.

Ruhr mines turn out five-sixths of the hard coal. Only brown coal—suitable for electric power—is produced in volume in the U. S. area. Ruhr hard coal output recently dropped to about 4,000,000 tons a month (it was approaching 4,500,000 tons in February), which is little more than one-third the prewar production. At this rate, the Ruhr has been unable to meet its full export commitments (which are only a fraction of requirements) to other zones and to western Europe and Austria. The difficulty is one of manpower—not so much the number of workers as their very low productivity stemming from excessive absenteeism, poor equipment, and physical weakness.

• **More Steel Needed**—The plan for Ruhr steel calls for approximately 150,000 tons a month during this quarter. On an annual basis, this is less than one-third of the peacetime steel output that is to be permitted Germany as a whole. The U. S. and French zones are largely dependent on Ruhr steel (steel production in the U. S. area is only 12,000 tons a month). The 28,000 tons earmarked for them each month is far from sufficient, and urgently needed agricultural, construction, and transport equipment cannot be produced.

Industries being pushed most vigorously in the U. S. zone are building materials, basic chemicals for fertilizers, alkalies for soap, footwear, and other urgently needed consumer goods. Lack of fibers has kept the textile industry down, and requirements have reached the point where the U. S. has felt obliged to supply cotton to the Germans. The Russians are also shipping textile fibers to plants in their zone, but the British and French do not appear to have solved this problem.

• **Organizational Hodgepodge**—Other than coal and steel, electric power is the only commodity that moves between zones or to other countries in any volume. The U. S. area also exports certain basic chemicals, but the quantities are small. Transport no longer is a primary limiting factor in interzonal trade. But low production and lack of central administrative organs have held shipments to a minimum.

The allocation of steel and coal from the Ruhr to other areas each quarter is the end result of a host of political considerations. Little attention has been paid to the basic economic tenet of the Potsdam agreement: that for purposes of control Germany is to be treated as an economic entity. Under such circumstances each zone has become increasingly tied to the economy of its master. Particularly is this true in eastern Germany, where a considerable pro-

portion of industry appears to be at work on Russian orders and receives raw materials from the East.

• **Self-Portraits**—Moreover, the command in each zone has adopted business methods and forms of organization which fit the experience of its own country. Plants in the Soviet zone are operated by plant committees or municipalities in accordance with the master plan of the zonal command. In the U. S. area, non-Nazi Germans manage plants on traditional capitalist lines. And in the Ruhr, the British are considering

restrict output of equipment and materials necessary to war but essential peacetime production. Exports are to be held to less than two-thirds, imports to approximately 70% of 1936 total.

But in prewar days some 65% of Germany's exports consisted of chemical metals, machinery, and engineering goods. And as the accompanying chart reveals, these are the lines that are most severely restricted. When German exports revive, they are expected to consist in the main of coal, lumber, wood pulp, pharmaceuticals, precision instruments, potash, ceramics, and tiles and other consumer goods fabricated from heavy materials.

• **Exchange Vital**—Some exports will be essential to the future Germany, if it cannot live without receiving foodstuffs, textile fibers, and other materials from abroad. This is best illustrated by the food outlook.

Under the Control Council plan, imports of food and fodder cannot exceed 1,500,000,000 Reichsmarks (of prewar value), or one-half the total of all imports. In contrast, the area of today's Germany (which now holds 8,000,000 or 9,000,000 more people than in prewar days) formerly imported half again as much food as this. Much of it came from the food-surplus region east of the Oder that is now part of Poland.

The Control Council's eventual goal is a daily consumption averaging 2,600 calories, of which 75% will be carbohydrates. Before the war Germans averaged 3,000 calories a day, with only 60% carbohydrates.

• **A Drag on Others**?—The Control Council plan is designed to reduce Germany's over-all standard of living to something approximating the 1932 level. But more and more voices are asking whether this can be done without dragging down living standards throughout the rest of Europe.

Germany had resources, technical skills, communication facilities, and geographical position that enabled it to lay down steel, machinery, and chemicals at its neighbors' doors more cheaply than they could obtain them elsewhere. Equally important, Germany was a large consumer of surpluses produced by these neighbors. French and Swedish iron ore, Belgian lead, English textiles, Norwegian timber, and a wide variety of specialized manufactures from the Netherlands—very little if any of these henceforth will be purchased by Germany.

• **Challenge to Others**—The altered economic structure of Germany must therefore force changes in many other European countries. The extent of the shifts is difficult to discern in the light of present tremendous requirements throughout all of Europe. Nevertheless, there is a belief in many quarters that



ALL-CANADIAN—ALMOST

All administrative officers of Ford Motor Co. of Canada, Ltd., are now Canadians. D. B. Grieg, former treasurer, has been elected president, succeeding W. R. Campbell, now chairman. Campbell, in turn, replaces Henry Ford, who retains only his place on the directorate; Henry Ford II has yielded his vice-presidency to Canada's R. M. Sale. Thus three Canadians have a board majority over the two Fords—a situation which the younger terms "significant."

the possibility of socializing steel and coal and placing them under international control.

In peace and war Germany was the industrial heart of Europe. But the Allied Control Council plans that Germany shall both serve and draw upon its neighbors to a very limited extent in the future.

• **Revision of Exports**—The Control Council's blueprint for Germany's economic future (BW-Apr. 6 '46, p109) will eliminate all war industries and severely

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the plan to deindustrialize Germany has gone beyond the point necessary to block rearmament and that it will weaken Germany's neighbors. The British, who must expand exports 50% to 75% above prewar volumes, have voiced this opinion most strongly.

Whether this diagnosis proves correct depends in great part on the vigor with which France and other European countries accept the challenge laid down by Germany's forced abdication. The French have, or can get, materials to produce machinery of all types, but may suffer from a dearth of technical skills. At the moment France does not appear anxious to step into Germany's shoes, except in those instances where it already had a good start.

• **Effect on U. S. Uncertain**—Whatever the answer, U. S. business will feel the effects. For Europe (Britain included) has always been our best customer, taking more than two-fifths of U. S. exports in prewar days. Germany itself was one of the largest continental buyers of U. S. products, making annual purchases of more than \$100,000,000. While the de-industrialization of Germany might expand shipments of some U. S. manufacturers, a lower level of income in Europe as a whole would undoubtedly cut the total.

the provinces have been meeting Ottawa trying to come to an agreement.

The effort dates back to the depression of the thirties, when crop failure and low farm prices put the prairie wheat-growing provinces in financial difficulties, from which they have been rescued by special federal aid.

• **Constitutional Angle**—The Canadian federal structure gives the national government unlimited taxing powers, limits the provinces to direct taxes, provides for subsidies from the federal treasury to supplement provincial revenues. With wealth, industry, business concentrated in Ontario and Quebec, the other seven provinces found the direct taxing of incomes, corporations, and estates a relatively lucrative field than did the two central provinces.

A prewar commission, after an extended study, recommended that central government levy all taxes in those fields and distribute larger subsidies to the provinces.

• **Wartime Arrangement**—The provinces fought the plan, but something close to it went into effect when the national government began raising revenue for war purposes. Under special agreements the provinces retired from the income and corporation tax fields and accepted grants equal to their prewar revenue from those sources.

The agreements run out this year. Last August the Dominion proposed that the chief tax fields be reserved to itself and offered fixed annual subsidies in return, which, in dollar value, amounted to more than the provinces obtained in subsidies and returns from the tax fields they were asked to vacate.

• **A New Objective**—Where before the war it was simply a question of equating the distribution of taxes on wealth over the whole country, there is now another objective. The federal government seeks tax control for the purpose of using tax rates as instruments of economic control. Its plan is to add taxes on incomes and business with a view to stimulating enterprise in the face of depressions or retarding boom conditions as occasion may warrant.

Despite broad hints, over a period of nine months' bargaining, that substantial tax reductions depended on acceptance by the provinces of a federal plan for vesting in the national government more taxing powers, it is believed that the budget, now expected towards the end of this month, will contain some tax reductions.

• **Big Ones Object**—The Dominion-provincial conference which started last August adjourned sine die last week with an admission of failure. It founded on refusal of the two biggest tax-paying provinces, Ontario and Quebec, to give up their taxing rights to the national government except on terms to which Ilsley could not agree. Intermittently since August, the premiers of

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The effort dates back to the depression of the thirties, when crop failure and low farm prices put the prairie wheat-growing provinces in financial difficulties, from which they have been rescued by special federal aid.

• **Postponed**—Corollary to the federal government's financial proposals, indefinitely postponed with them, was a plan for timing grants to public works when employment was slack.

Also postponed are enlarged so-

CANADA

Tax Stalemate

Ontario and Quebec block Ilsley in long fight to centralize collection of principal revenues in the Dominion government.

OTTAWA—Finance Minister Ilsley this week began the job of preparing a budget without his long-sought agreement with the governments of the nine provinces on a reallocation of tax fields.

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security proposals under which the national treasury would make substantial grants to health insurance plans, provincially administered, assume the full cost of an old-age pension to all persons over 65, pay half the cost of pensions to elderly persons from 65 to 69, take full responsibility for relief of employable employed.

SOVIET EQUIPMENT OFFERED

OTTAWA—The industrial equipment ordered by Russia, but for which payment was not arranged, has been turned over to the Canadian government's War Assets Corp. for sale. Presumably it will be sold to the best bidder, with Canadian firms given a preference. The equipment consists chiefly of machine tools, but includes such heavy-industry equipment as mine hoists, crane mobiles, and automotive cranes.

The equipment was ordered while hostilities were still in progress and Canada was sending war supplies to the Soviet Union. The Mutual Aid Board offered the goods on the understanding that if hostilities ended before delivery, Moscow would arrange payment in normal commercial fashion.

Soviet representatives sought long-term credits on more favorable conditions than Canada was granting to other countries, and last November the government stopped shipments. Since manufacturers had full contractual obligations against the Canadian government, War Assets Corp. decided that more could be realized by completing the payments for certain equipment, some of which is now in manufacture.

NEWSPRINT MOVING

HALIFAX—A recent shipment of newsprint to New Zealand via the port of Liverpool, 75 miles west of Halifax, was the 39th the Mersey Paper Co. has sent to that country and to Australia, indicating that Canada is establishing a paper market in the antipodes. Another of the Mersey company's carriers, the "Markland," has completed completion of her 300th newsprint trip to United States ports. Total output of close to 4,000,000 tons of newsprint is expected this year from Canada's 78 paper mills, from coast to coast. The United States took about 80% of first-quarter foreign shipments of 922,000 tons, with the remainder going to overseas markets.

Price controls in Canada were lifted last week, and newsprint will now cost Canadian users \$9 more per ton, raising price to \$63 (Canadian) laid down in Montreal and Toronto. Price to U.S. consumers, laid down in New York, is now \$67 per ton (American).

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THE MARKETS

(FINANCE SECTION-PAGE 11)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	177.8	180.6	181.7	145.6
Railroad	62.9	63.3	64.2	54.7
Utility	93.7	94.4	94.4	66.4
Bonds				
Industrial	123.9	124.0	124.4	122.0
Railroad	118.7	118.6	120.1	115.3
Utility	115.9	115.9	115.9	116.4

Data: Standard & Poor's Corp.

Market Uncovers Strong Rally

Following five straight sessions of steadily declining prices, Wall Street, very conscious of John L. Lewis at present, perked up considerably around noon on Tuesday of this week over news that the government conciliator was hopeful that new proposals might "very shortly" end the soft coal mine tie-up. • Gains Range Up to \$3—In fact, the news soon had investors raring to go, despite the pessimism almost immediately expressed by both operators and union concerning the chances of any quick end to the strike. As a result, Tuesday afternoon saw the stock market produce the widest upturn of prices experienced on the New York Stock Exchange in some three months.

To make matters even more pleasant for the Street's bullish forces, trading volume widened considerably on the upside, and few sections of the stock list were neglected. Individual gains ranging as high as \$3 also were plentiful. Some of Tuesday's renewed enthusiasm

for stocks in general carried to the Big Board's Wednesday trade session. However, less vigor was closed as the day wore on. More a few weak spots also were discerned at the finish even though gains did exceed losses by a fair margin.

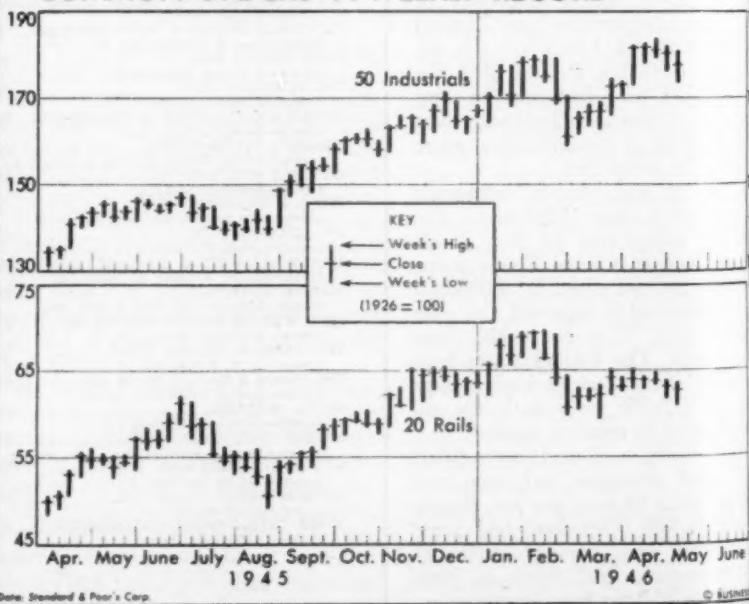
• Pretty Frail Peg—By midweek, as usual, there was a tendency in quarters to decry the validity of "rally" in question and ascribe the more to a technical recovery due temporarily oversold condition.

Whether this proves true only will tell. Certainly, however, in light of developments in the coal strike and the damage it can still inflict on business (page 15) the news apparently touching off the rally appears a pretty frail peg on which to base hopes for further immediate sharp advances.

Even that section of Wall Street which is continuing to recommend caution where the near-term price outcome is concerned, however, admits having been much impressed by the reaction of the stock market in the face of so much strike news, poor earnings reports, unsettled condition of the roads, and the numerous other temporarily depressing factors which preceded the correction.

• Difficult Timing—To this group, showing indicates a pretty solid underlying position and there is little doubt that some of today's bears will become bulls in short order once many present obstacles to a real pos-

COMMON STOCKS-A WEEKLY RECORD



LAGGARD—SO FAR



of most of its earnings normally, couldn't be offset.

• **Earnings Drop**—As a result, C. I. T. Financial Corp., the trade's biggest unit, earned only some \$5,800,000 in 1945, compared with \$17,300,000 in 1941. Commercial Credit Co., another large finance company, saw its earnings slump from \$9,100,000 to \$5,000,000 in the same period.

Once full production of automobiles and other consumer goods can be maintained, the volume of loan business handled by the finance companies very likely will quickly zoom to new peaks. For several reasons, however, their net earnings aren't expected to follow suit immediately.

• **More Competition**—Under the accounting system such companies use, service charges accruing from installment financing transactions are not taken into earnings right away. Instead, it's the practice to set them aside as deferred income and then only to take them into earnings later on month by month as the transactions mature, after deducting operating expenses and reserves for losses.

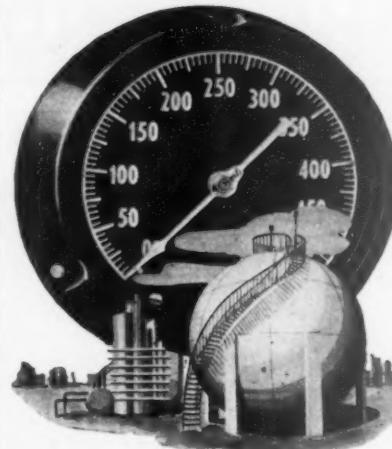
The stiffer competition for business from the commercial banks now in prospect (BW—Oct. 6 '45, p66) will also make a difference in the size of profits. Already this has resulted in sharp cuts in the prewar rates charged by the finance companies. There is likely to be some additional persistent pressure on loan rates exerted by today's easy money conditions, and the volume of transactions thus will have to be much larger than prewar levels to offset narrower profit margins.

How harmful to finance companies the competition of the banks will prove remains to be seen.

• **Enough for All?**—Some 95% of the nation's banks, however, are expected to engage aggressively in some form of postwar consumer lending. Over 80%, it is indicated, will engage in automobile financing, and it is noticeable that finance companies were recently holding only 40% of outstanding retail automotive paper, compared with 64% at the 1941 year-end, and 70% in 1939.

Measured by Standard & Poor's weekly price index, finance company stocks are now at a level some 185% above their wartime low. However, for some time they have been running behind the market as a whole. Despite their recent gains, also, they are still almost 50% under their 1932-37 bull market high.

Few Wall Streeters currently seem particularly enthusiastic over the group at the moment because of the new factors that have entered into the situation. Not much interest is expected to be shown in the group, either, until things in its line begin definitely to perk up.



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THE TREND

THE U.S.S.R. AND GERMANY IN 1950

Do you want to see the program of the most complete and dramatic reversal of the industrial positions of two nations ever planned anywhere at any time? Then cast your eye on the table which appears in the center of this page.

• The table reports in broad outlines the postwar industrial setup of Germany, as ordained by the Allied Control Council, and that of the U.S.S.R. as laid out in the fourth Russian five-year plan. The best single gage of what is scheduled to happen industrially in these two countries is electric power production. It shows that where, at the outbreak of the second World War, Germany had more than half again as much industrial production as the U.S.S.R., it is scheduled to have less than half as much a few years hence. And German heavy industry, as gauged by steel output, will be only about a fifth of that of the U.S.S.R. in 1950 whereas it was about a third greater a decade earlier. Only in consumer goods industries, represented in the table by paper, will German production be kept even within shooting distance of its pre-war levels.

We have been thumbing back through the pages of history in search for a reversal in the basic position of two neighboring nations such as this, and we have not been able to find it. Certainly there has never been anything like it in the days of modern industry, and we have not found anything comparable by going back as far as the history books will take us. The Romans are commonly reputed to have done quite a job on Carthage which it was their announced intention to destroy root, stem, and branch, but it does not seem to have created immediately any such contrast.

• What are the implications of these arrangements which, so far as the Allied Control Council's plan for Germany is concerned, are reported in some detail in an article on page 105 of this issue? One of them clearly is that the council has worked out a scheme of planned poverty for Germany. There is obviously not a chance that any modern industrial nation, let alone one demoralized by total defeat, could dismantle its industrial establishment to the extent and with the speed called for by the Allied Control Council without having the process accompanied by strains, stresses, and dislocations resulting in profound economic depression.

Well, what of it? The Germans brutally crushed every-

one who got in their way when their armies were riding high, and tortured millions of innocent bystanders, to boot. What if their lot is planned poverty for a few decades? Who except the Germans should worry about that?

• One set of worriers will certainly be those who feel that a tolerably prosperous Europe is a requisite of a stable world peace. Before the second World War German production constituted almost a third of that of continental Europe which, in turn, was almost a fourth of the entire world. With Germany's industry being dismantled, who is going to fill the consequent gap in European production? No answer that is more than vague expression of hope has thus far been forthcoming.

Another set of worriers, no doubt, will be those who will take seriously the comment made by the Big Three at Potsdam that, with militarism and Nazism "extinguished," the German people are to "be given the opportunity to prepare for eventual reconstruction of their lives on a democratic and peaceful basis." The worriers will no doubt be asking how, with the U.S.S.R. forging ahead

all industrial fronts, and Germany going backwards about as fast, there is to be any real chance to slow up the Communist propagandizers, long enough to give a reconstruction along democratic lines any chance at all?

It may develop, of course, that when Marshal Stalin agreed at Potsdam on giving the Germans an opportunity for eventual reconstruction of their lives on a "democratic" basis he understood democratic to be synonymous with communistic. But there is no reason to believe that President Truman, who represented the U.S.A. at Potsdam, could have meant anything else than that the Germans were to be given a chance to develop political institutions which would respond to a free expression of the popular will. In fact, there is no more reason to doubt that than there is to believe that any such chance will eventuate at any time in the calculable future if the plans outlined in the table are carried out as planned.

• If we were in earnest in our talk about democracy at Potsdam—no assumption to the contrary is made here—it would seem to be in order to take a long, hard look at the Allied Control Council's plan, particularly in relation to what the U.S.S.R. has in mind in the industrial line. Offhand the poverty planned for Germany does not look much like a cradle of democracy.

The Shifting Seats of Power

Production	Germany		Russia	
	1939	1949	1940	1950
Steel (millions of tons) . . .	23.7	5.8	18.8	25.4
Coal (millions of tons) . . .	250	155	166	250
Electric power (billions of kilowatt hours)	66	35	48	82
Autos (thousands of units) . . .	342	80	300	500
Paper (millions of tons) . . .	2.9	2.1	0.8	1.3

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